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# East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2214

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# EAST EUROPE REPORT

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### CONTENTS

#### ALBANIA

Investments for 1981-1985 Plan Discussed (Shinasi Dragoti; RRUGA E PARTISE, Aug 81) .....	1
New Tasks of Economic, Financial Planning Organs (Bujar Kolaneci; RRUGA E PARTISE, Aug 81) .....	8

#### CZECHOSLOVAKIA

Briefs	
Grain Shortfall in Slovakia	15
Pioneers Collect Waste Bread	15

#### HUNGARY

Energy Management, Conservation Measures Examined (Szoke; FIGYELO, 4 Nov 81) .....	16
Agricultural Achievements, Prospects Assessed (MAGYAR HIRLAP, 8 Dec 81) .....	19

#### POLAND

Essay on Polish Economic Crisis 1980-1981 Reviewed (Janusz Stefanowicz; ZYCIE WARSZAWY, 2 Dec 81) .....	21
Progress on 1982 Economic Plan Reported (Ryszard Cwiertnia; RADA NARODOWA GOSPODARKA ADMINISTRACJA, Oct 81)	24
Minister Comments on Prices, Rationing and Currency Revaluation (Zdzislaw Krasinski; GLOS WYBRZEZA, 15 Oct 81) .....	30
Minister Interviewed on Method To Increase Housing (Tadeusz Opolski; TRYBUNA LUDU, 18 Nov 81) .....	36

## YUGOSLAVIA

Operation of Bank for International Economic Development (PRIVREDNI PREGLED, 11 Nov 81) .....	39
Status, Outlook for Small-Scale Economy in Poorer Regions (Elvira Mandic; KOMUNA, Oct 81) .....	41
Economic Relations With Nigeria (Bogdan Popovic; JUGOSLOVENSKI PREGLED, Sep 81) .....	48
Yugoslav-Iraqi Trade Noted (PRIVREDNI PREGLED, 19 Nov 81) .....	53
Yugoslav Trade With Algeria (PRIVREDNI PREGLED, 19 Nov 81) .....	55
Plans for Construction Work Abroad in 1982 (PRIVREDNI PREGLED, 25 Nov 81) .....	56
Yugoslav-Italian Trade Organization Reviewed (Slobodan Tanovic; PRIVREDNI PREGLED, 25 Nov 81) .....	58
New Electric Transmission Line to Italy (EKONOMSKA POLITIKA, 19 Oct 81) .....	61
Status of Trepca Mining, Metallurgical Complex Argued (NEDELJNE INFORMATIVNE NOVINE, 25 Oct 81; 22 Nov 81) .....	62
Manager Mikulovci Speaks Out, by Svetislav Spasojevic Later Discussion, by Svetislav Spasojevic	
Briefs	
Oil Derivative Shortage	68
Corn Exports	68



## INVESTMENTS FOR 1981-1985 PLAN DISCUSSED

Tirana RRUGA E PARTISE in Albanian Aug 81 pp 12-19

[Article by Shinasi Dragoti: "The Investments Program for the 7th Five-Year Plan is Daring, but Fully Realizable"]

[Text] The draft directives of the 8th Congress of the Albanian Workers Party (AWP) for the 7th Five-Year Plan (1981-1985), for the economic and cultural development of the People's Socialist Republic of Albania, which were approved by the 10th Plenum of the Party's Central Committee, were received and discussed with revolutionary enthusiasm and extraordinary interest by the whole nation. Communists and workers have been mobilized in order to assimilate the deep political, ideological, and economic content of the draft directives as they apply to our situation today and to the solution of the tasks which confront us in achieving and surpassing the great objectives which are expected to be achieved in the new 5-year plan. This testifies, once again, to the political and ideological maturity, the high socialist consciousness, and revolutionary patriotism of our nation, as well as to the feeling of responsibility which all the workers of the country, headed by the communists, have for the fate of socialist construction, the continued strengthening of the dictatorship of the proletariat, the defense of the fatherland, and the protection of the victories of the revolution from every danger that threatens them. There is no doubt that this kind of understanding and discussion of the draft directives will serve to enrich and perfect them even more.

An important role in achieving the objectives for which the party is striving in the 7th Five-Year Plan will be played by the large investments which are expected to be made in all areas, especially in the branches producing essential materials. In this 5-year plan, the further development of our productive forces and culture, as well as the strengthening of the defense capabilities of the fatherland rely on a broad program of investments and construction. In comparison to the 6th Five-Year Plan, the volume of investments in this 5-year plan is expected to increase by 23 to 25 percent, and that of construction-assembly by 13 percent. As far as quantity is concerned, these investments will be greater than the total achieved by the first four 5-year plans, 1951-1970, taken together. In 1985, the investments for construction are expected to grow 4.3 times more than in 1960, when we were receiving credit from the Soviet Union and the other ex-socialist countries, and by more than 1.2 billion lek more in 1978 when we were receiving credit from China.

The basic characteristics of this imposing plan in the area of investments and basic constructions are: first, the plan will be completely supported by our own internal accumulation, without any credit or support from abroad, by the material and financial resources created by our socialist economy and it will be implemented by our revolutionary and talented masses, specialists, and cadres. Second, the investments will be used primarily in the branches of material production, principally for the development of industry and agriculture, which will utilize 75 percent of the materials produced, further improving the proportion of their distribution between the productive and the nonproductive spheres. Third, in order to ensure the high and accelerated effectiveness of the plans, it is expected that investments will be funnelled primarily to the most important works which will affect the rapid growth of industrial and agricultural production. Within this framework, attention will be concentrated on expanding and reconstructing the production capabilities of our existing industries, which will increase, at a faster rate, the activity of our basic funds, our machinery, and our supplies. This investment program, more than any other 5-year plan, is distinguished by qualitative changes in the field of improved technology.

According to the draft directives, during this 5-year period, the construction of important industrial projects will continue. A forward thrust will be given to the development of the energy industry. Important tasks confront the construction workers for the completion of work in the "Light of the Party" hydroelectric power plant and for the construction of the hydroelectric power plant in Koman, a project which will have the greatest hydroelectric power capacity of anything that has been constructed in our country to date. The construction of this work will bring to an end the most difficult and vital tasks of the hydroelectric power system of the river Drin. The construction of three consecutive waterfalls on this river, in Vau e Dejes, Koman, and Fierze, not only increases the amount of electrical energy and lowers the price of every kilowatt-hour produced but, also, raises its quality considerably. On the other hand, substantial favorable conditions are created for utilizing the lakes for ferrying and fishing, which will raise the effectiveness of the investments that have been made and will continue to be made. The implementation of the program for the completion of the "Steel of the Party" plant and other industrial works will continue. An important work program for agriculture will be the construction of water projects which will increase the present irrigation ability by an additional 44 to 45 thousand hectares, principally in hilly and mountain areas. This will bring about a considerable decrease in the damaging effects of drought on agricultural crops in these areas. The plan for the construction of 50,000 apartments by the state and 31,000 residences by the farmers themselves, expresses once more the great and continued attention the party has shown to improving the living conditions of the workers in the cities and the villages, where today more than 80 percent of our population lives in new buildings constructed during the period of the people's government.

The realization of such an investment program requires greater mobilization based on more scientific work by the specialists, the cadres, and all the construction workers so that they can confront the large volume of investments at rapid rates and overcome the difficulties that will be encountered in the field of reconstruction, in the construction of those industrial works which require planning and studies, in the production of machinery and equipment, as well as

in the construction-assembly of machinery unknown to our workers until now. It is our duty to study and draft these works on the basis of advanced technology and to prepare designs and estimates based on scientific technical-economic norms. The workers in the scientific research and design institutes, investors and implementors have the task of selecting the most rational construction projects using advanced methods in their calculations, and constructing them at the lowest possible cost and with the highest possible quality.

The attainment of these objectives is not simply a dream. These objectives have been studied, calculated, and supported scientifically. The possibility of attaining the tasks in this area is based, among other things, on convincing factual data from the glorious 37-year history of socialist construction in our country and from the rapid rate of growth of constructions from one 5-year period to another. In comparison with the first 5-year period, the volume of state construction increased, roughly, as follows: in the second 5-year period, by 60 percent; in the third, by 2.5 times; in the fourth, 3.9 times; in the fifth, 6.1 times; in the sixth, 7.9 times; and in the seventh 5-year period, it is expected to increase 10 times. However, the building capacity of the country is even greater if we add to government construction the construction which is being done and will continue to be done by agricultural cooperatives with their own financial resources. These results testify to the rapid growth rates which actually exist. Therefore, the forecasts for the 7th Five-Year Plan are realistic and they have a basis; they certainly are difficult, but they are fully realizable.

Because of the great and continuous care the party has shown, from the first days of the liberation up to the present, gradually, with effort, sweat, and innumerable difficulties, a great potential of abilities to build has been created. Foreign friends and well-wishers who have visited our country have acknowledged that Albania has, in truth, become a huge construction site. Furthermore, numerous foreign specialists, who have come to our country on the basis of contracts and agreements for the construction-assembly of machinery and spare parts for industrial works, have been forced to accept and acknowledge, in their own words, the rapid pace of construction, the professional ability and the technico-scientific talent of our craftsmen, specialists, and cadres. In the 7th Five-Year Plan, this construction skill possessed by our nation will be raised to a higher level. Young specialists and cadres will be added to the great army of builders. The mechanization of work will increase further. Advanced methods for the management and organization of construction work will be expanded and be perfected. Huge reserves will be created to increase this building potential by implementing programs that have been drafted to achieve the very important tasks laid down by the 8th Plenum of the Central Committee of the Party for the development of science and technology.

The building materials industry will develop greatly, which will assure the builders a greater material base than they had during the preceding 5-year period. Production from this industry in 1985 will be 24 percent higher than in 1980. In this way, not only will the needs of construction and the people be fulfilled better with such materials, but the volume of goods for export also will grow. New brick manufacturing factories are being built and will continue to be built; by 1985, there will be factories of this kind in 22 districts out



of a total of 26. Due to the development of the ferrous metallurgical industry, the construction and assembly operations will be relieved considerably of the burden of having to import iron which is used in construction, in the manufacture of galvanized sheet metal and shaped iron. The public discussion of the draft directives is opening new horizons for the development of this industry in increased variety as well as improvements in the quality of products as it is projected for the 7th Five-Year Plan. These and other facts are proof of the great capabilities which have been created so far, and will continue to be created in the course of the new 5-year period in order to confront successfully the ever-increasing tasks in the field of construction. It would be misleading and very harmful to think that these tasks will be achieved easily, without difficulties and obstacles.

It is a fact that the basic investment plans, as well as the whole 5-year plan for the economic and cultural development of the country is the most thoroughly studied and documented of all 5-year plans; however, the complete implementation of the plan, in every part and every special link, requires the kind of organization never seen before, it requires continuous effort and struggle in order to surmount the obstacles and difficulties of growth, and even those obstacles that are not dependent on us, but are created by the conditions of the imperialist-revisionist encirclement and blockade and by the general economic and political crisis which has surrounded the capitalist bourgeois-revisionist world. For this reason, the 10th Plenum of the Central Committee of the Party focused the attention of the communists, the cadres, the working class, the village cooperatives, and all the workers on correctly evaluating the duties laid down by the draft directives; to evaluate the conditions under which they are to be achieved and to utilize with the utmost efficiency all the capabilities which we possess and all those that will be created. It is very important to create a correct understanding and a high feeling of responsibility for a strong regimen of thrift and an increased efficiency in spending, without which the program of accumulation and, as a result, the program of the investments cannot be realized.

The call the central committee of the party has sent to all workers to take part in the discuss-on of the tasks laid down by the draft directives of the 7th Five-Year Plan has become a powerful drive to uncover new reserves and to define concrete paths for their proper utilization. Not only can these reserves be found by isolating the deficiencies that exist in the areas of management and organization but they also can be produced by the creative work of the working masses, by advanced experience, and by the adoption and implementation of the new discoveries of science and technology. The reserves are often hidden in the breasts of the working masses; and at specific moments, especially when revolutionary situations arise, they come forth and express themselves in all their intensity and grandeur. Such, for example, was the case for many of our workers, cadres, and specialists who did not believe they were capable of completing or building the works planned or left unfinished by the Chinese revisionists; however, when the party called on them, they unleashed all their energies and all their creative technical and scientific skills and built the projects even better than had been expected. Let this marvelous revolutionary experience be worthy of answering properly the call made by the Central Committee of the Party now, on the occasion of the discussion of the draft directives of the 7th Five-Year Plan.

Much has been said about the hidden reserves which exist in construction to lower costs and raise the effecti-ness of investments. Nevertheless, it would be well for us now, on the occasion of the discussions of the draft directives to remember them and evaluate them better. The fact is that, during the preceding 5-year period, work did not progress in the proper direction, especially where the concentration of labor and material resources for the work was concerned. In addition, sufficient measures were not taken for the rational utilization of heavy machinery and other means of construction, for the regular supply of construction materials, and for the timely solution of other problems connected with the completion and delivery time of the finished works. The analyses which were made by the party organizations, the trade union organizations, state and economic organs, the design and construction institutes, and the building materials industry have provided data which show that funds in construction are not always used with necessary thrift and care. In order to prevent the cases where, as Comrade Hoxha points out, there is "aimless use of funds", it is necessary that, in studying and planning construction projects, communists, cadres, and specialists show great care and plan with a tight hand. Experience shows that, to a great extent, the cost of projects depends on the kind of work these people do. The more rational the technological concept and structural content of a work or object, the more rational is the use of the monetary funds and materials. For example, from studies made by the Ministry of Construction, it was found that using reinforced concrete frames and perforated bricks in the construction of residential buildings reduced the weight of the building by 30 percent; the transportation of materials by 40 percent, and reduced labor needs by another 30 percent. These findings substantially lower the costs of residential buildings. The use of more advanced technology for the construction and assembly of the new thermoelectric power plant in Fier made it possible to lower the investment per kilowatt of electrical energy installed to 450 lek when it used to be 1100 lek. There are many such examples. Therefore, the 8th Plenum of the Central Committee of the Party set down the important tasks for the adoption, development, and implementation of advanced science and technology; for strengthening the institutions and organizations responsible for the study and draft of the plan with the most qualified and responsible cadres. The measures which have been taken and will continue to be taken to achieve the duties of the plenum are another important factor of special importance in discovering capabilities and in actually reducing monetary and material expenses in construction.

A long time ago, the party set down directives for the production of light construction materials which, when used, lower the cost of transportation and the weight of constructions and raise labor productivity. The implementation of this directive by the workers in the construction material industry has shown encouraging results in the production of prestressed reinforced concrete ceiling foundations and so on. These instances are rare when one thinks of the great opportunities that exist in our construction material industry. Even today, the capability exists to raise considerably the amount and variety of perforated bricks for walls, for ceilings, and for other kinds of construction; the profitability of using this kind of brick is easy to evaluate. A study by the Institute of Technological Research and Studies in Construction showed that, by replacing solid bricks with perforated bricks in social and cultural constructions, usually put up every year in areas subject to earthquakes, there would be a savings of 50 million regular bricks, which would require 800 people

to work 1 year to produce them; it would save 3.5 million kilowatts of electrical energy, 31,000 tons of coal, 670 cubic meters of lumber, and so on. This is a reserve that is available today. The 8th Plenum of the Central Committee of the AWP stressed that transforming the construction material industry from a relatively backward to a more advanced state will create other and bigger savings; this will lower not only production costs but, also, the construction costs and increase the effectiveness of investments in general.

It is a fact that, due to the party's careful attention, great progress has been made in the study and design of the most varied and most difficult projects. This is an important victory which in no way should lead us to euphoria or self-satisfaction, because the failure to complete projects on time, which has happened quite frequently up to now, results in substantial irregularities and obstacles in the completion of the construction plans. The failure to complete projects on time hinders considerably, among other things, the organization and management of work in the construction area which leads to the ineffective use of labor and the irrational use of the material and technical bases. These late deliveries become the reason for certain other erroneous manifestations and practices, such as becoming involved in too many projects, the violation of planned deadlines, and other phenomena with harmful technical and economic consequences.

The implementation of the task laid down by the Seventh Party Congress--which has been endorsed in the planning methodology--of providing designs and estimates for works, with options, before they have been included in the plan, becomes even more difficult now that all the studies and designs for industrial projects, large and small, are realized completely by our own special, technological and scientific forces. Therefore, in conjunction with the measures that have been taken and are being taken, such as the further revitalization of the institutes for construction and design and technological institutes, the setting up of new technological institutes and other organizations, of great importance are the measures to raise the effectiveness of studies and designs. We have to admit that we lack neither the capacity nor the experience to do this.

Some years ago, we only had a few planning cadres; today, hundreds of them are engaged in this kind of work in different planning institutes and organizations, and the capabilities exist, should the need arise, to increase this number by hundreds. Now it is possible to plan domestically, with our own forces, for all the projects that are needed by our economy and our society. In the last few years, we have gained a great deal of experience in planning for large industrial projects, not only construction-wise but technologically as well; studying, planning, and producing, with our own forces, machinery and equipment. The more than 50 percent increase in the 7th Five-Year Plan, as compared to the 6th Five-Year Plan, for the production, domestically, of machinery and equipment used in the development of industry, is due entirely to this valuable revolutionary experience that we have gained.

It is very necessary, among other things, to further improve urban studies and design activities. There is no objective reason why builders cannot be provided, on time, with complete designs for houses, gardens, nurseries, schools, hospitals, roads, and canals in cities and other inhabited areas. The fact is that, in this 5-year plan, we anticipate having 65 percent more investments allotted



for the communal sector than in the 5th Five-Year Plan. The construction of about 50,000 more apartments and other projects requires that urban planning problems receive the serious attention of the Ministry of Construction, the Ministry of Communal Economy, and the executive committees of the people's councils in the districts. Here we have to deal with further important changes in urban construction. We have to deal with housing and securing other vital needs for about 250,000 inhabitants, that is to say, four-and-a-half times, or seven-and-a-half times more inhabitants than in the cities of Vlore and Berat, respectively. The problem is to know how our cities will develop and grow, how will this urban, esthetic, technological, and economic construction present itself. The development of our cities can no longer be planned partially, without having a master plan based on scientific foundations and without clear perspectives being kept in mind at every step of our urban construction. Now many cities, especially Tirana, have need of more complex operations in the demolition of other buildings, otherwise it would be necessary to enlarge their surface area, which is uneconomical from every respect.

Respecting and shortening the construction deadlines plays an important part in raising the effectiveness of capital investments. Therefore, in order to respect and shorten the deadlines for construction projects, special care and attention is required in establishing the work for managing and organizing the enterprises and all the construction sites. The construction of every project is a link in that chain that is the single state plan. Every extension of the deadline has its own negative influences in the effective fulfillment of this plan and in maintaining the proportions which have been calculated between the branches and the different indicators of economic development. It affects the program for the accumulation of funds, which is the only base on which the bulk of other investments and expenses can rely for implementing the 7th Five-Year Plan, which will be approved by the Eighth Congress of the AWP. Therefore, the workers responsible for the implementation of the plan have the important task and responsibility of respecting the planned deadlines in the construction of projects, and even shortening them. Moreover, this can be achieved by a strong dependence on the advanced experience of the construction enterprises themselves. The examples are numerous, now and in the past, for the completion of projects in record time. Such an example is the construction of the second furnace in the metallurgical plant "Steel of the Party", which was completed almost twice as fast as the first furnace, and this was done entirely with our own forces. Without mentioning here the experiences gained from organizing and managing the work of eradicating the consequences of the earthquake, when the pace of construction for the completion of one residence was about 30 hours per unit.

Problems of this kind are the objects of heated discussions which are taking place in the midst of the workers' collectives for construction and planning, the workers in the construction materials industry, and other workers' collectives whose work is responsible, to a great degree, for the realization of the investment plan. It is the task of the basic party organization to organize and guide correctly to its conclusion this broad popular discussion which discovers new important reserves to increase the effectiveness of the investments expected to be realized in the course of this 5-year plan. There is no doubt that the construction workers and the workers in the construction material industry will greet the Eighth Party Congress and the great jubilee of the 40th anniversary of its foundation with a positive balance by fulfilling all the duties of the plan for this year, as well as further improving the indicators of the 5-year plan which will be approved by the Eighth Congress of the AWP.

## NEW TASKS OF ECONOMIC, FINANCIAL PLANNING ORGANS

Tirana RRUGA E PARTISE in Albanian Aug 81 pp 29-36

[Article by Bujar Kolaneci: "The Improvement of the Efficiency Indicators Presents Special Tasks for the Planning Organizations"]

[Text] The draft directives of the 8th Congress of the Party for the 7th Five-Year Plan, for the economic and cultural development of the People's Socialist Republic of Albania, have given a new impetus to the creative and innovative ideas of the working masses which are helping to improve the planning indicators and to increase the level of guarantees for their fulfillment.

One of the principal objectives of this broad popular discussion on the draft directives, Comrade Enver Hoxha stressed at the Tenth Plenum of the Central Committee of the Party, is to explain correctly and to imprint in the minds of everyone that the accomplishment of tasks in this 5-year plan requires, more than ever before, the need to discover and mobilize internal reserves, which exist and grow continuously in the heart of our socialist economy.

The attainment of this objective requires all-round explanatory work and the mobilization and organization of the party organs and organizations and, under their leadership, of all the state and economic organs, the mass organizations, and the scientific institutions and organizations. However, there are specific tasks in this area for the specialized planning organizations. Parallel to the great work that is being done by the party organs and organizations and all their levers to carry out successfully the activity of the people's discussion of the draft directives, the planning organs, in all instances, are taking part in a special activity to explain and specify the indicators of the draft plan for the 7th Five-Year Plan down to the smallest units of production and to reflect in the plan the changes that are being proposed and suggested by the working masses.

Meanwhile, the analyses are becoming more profound and different economic and financial studies are being completed which discover new capabilities and reserves to increase production and to improve other indicators of the economic and financial plans.

Good work in this area is being done by the finance and planning sections of the executive committees of the people's councils in the districts of Shkoder, Korce, and Tirana, as well as the finance and planning branches of the "steel of the

party" metallurgical plant in Elbasan, the auto part and knit wear enterprise in Shkoder, the "Misto Mame" wood processing combine, the meat and milk processing plant in Tirana, the textile mill in Berat, and many economic enterprises and agricultural cooperatives in different districts of the country. The positive results of their work speak, among other things, of the important function played by healthy economic thought when it is activated and deeply involved in the scientific treatment and solution of the problems of developing the economy, so that the economic-production and financial activity of the enterprises, the agricultural cooperatives, the districts, and the centralized government departments can be organized, managed, and achieved on the basis of the demands of the objective economic laws of socialism and on the principles of the Marxist-Leninist construction of our socialist society.

The newest experience, the discussion by the people of the draft directives of the Eighth Congress of the Party of the 7th Five-Year Plan, shows that the execution of a complete and deep analysis to recognize the present achievements in production, in technology, and in the matter of their economic efficiency--in order to uncover the conditions under which these results have been achieved and to see the difficulties that have been overcome, the advanced experience that has been gained, the deficiencies and weaknesses that have been noticed and their causes and to define the paths that must be followed and the measures that must be taken to isolate them--is a very important condition for organizing and realizing a more fruitful discussion of the new duties of the plan. It is a fact that whenever these analyses were made, and the workers became aware of the principal conclusions from these analyses during the discussions of the draft directives, a good number of ideas and proposals emerged to increase work efficiency, production, the range of varieties, savings of raw materials and other essential materials, to increase savings of combustible materials and electrical energy and to help solve many other problems. The fact remains that these analyses, whose conclusions open up horizons for the workers, the cooperative farmers, the technicians, and the specialists, should become a standard rule of work for the managers, the economic and government organs, and the planning and financial organizations; and these organizations must strip them of any kind of formality or shallow work. We emphasize this because, during the preparations and the development of discussions of the draft directives with the masses, there were instances in which certain planning and financial organs in the districts, in economic enterprises and agricultural cooperatives did formal and shallow work: analyzing mechanically the figures of the draft plans for sectors, units, and brigades without first making analyses, generalizing positive experience, and without exposing proven weaknesses and defects, in other words, without uncovering all the possibilities and reserves that exist.

Comrade Enver Hoxha's recommendation that "today great opportunities have been created to enable creative innovative ideas to serve the economic development" does not only apply to the workers, the cooperative farmers, the engineers, agronomists, technicians, and other specialists but, also, to economists and financial experts regardless of where they work. The area for the blossoming of their creative economic thought is broad because the economic productive and financial activity of the enterprises, the cooperatives and the districts and economic branches where they work is the same. No technical or scientific problem can be separated from the economic and financial problems. It is a fact that, in enterprises and agricultural cooperatives, this creative innovative



thought is breaking through boldly in the discussions of the draft directives and is being raised to even a higher level. The task of the planning organs is to learn to recognize innovative thought; look at it closely; support, perfect, and apply it with reliance on their own economic studies; opening for it the broadest possible path among the plans that are being drafted.

The financial and economic planning organs have the important duties of studying, discussing, and scientifically debating all the phases of broad socialist reproduction, relying on the demands of the objective economic laws of socialism, because, only by an in-depth knowledge of the demands of economic laws and by harmonizing and reflecting them in the plans of every enterprise and cooperative, even to the branch level and through all the economy, can we secure rapid growth, an optimal rate of broad socialist reproduction, and an increase in the efficiency of social productivity.

Within this framework, the role of economists and the planning and financial organs is irreplaceable. Their task, through complex economic and financial studies and analyses, is to bring forth scientifically based reasonings in order to open horizons which encourage discussion at the brigade, department, enterprise, and cooperative levels to discover, mobilize, and utilize all the internal sources and reserves which will lead to the most rapid growth of social efficiency and production.

Within the conditions existing in our country where the population increases at a rapid rate, higher than in any other country in Europe, and when it is foreseen that, in the course of the 7th Five-Year Plan, the income revenue for each individual will increase by 8 or 10 percent, the need to continue to keep and improve the rate of production growth, to keep the growth of the gross social product always several times greater than the rate of growth of the population, constitutes an objective necessity without which we cannot guarantee the accumulations needed to expand production and the nonproductive sphere; nor can there be an increase of reserves or a gradual improvement in the well-being of the masses. In the same way, experience shows that the rate of growth of social productivity is decisive in the growth of its effectiveness. Therefore, the task of the economic and financial planning organs is to concentrate their attention on realizing and improving the indicators which reveal the proportions between the different areas of the expanded socialist reproduction, such as the net production increases versus the general social increases, the ratio of products for society to personal products, the portion of workers in the material producing areas versus that of workers in the cultural and social areas, and so on. These and other ratios, which, together with the tasks defined in the draft directives, were determined to the optimum relations, as they apply to the whole economy and all its branches, must become objects of profound study in order to realize and improve them in every link of production, in every enterprise and cooperative, and in every district.

Naturally, the planning organs, in order to be able to achieve a task of this kind, must make sure that the workers, besides having a broad economic concept, have a detailed knowledge of the production capabilities of the enterprise or cooperative and actually know, by following the problem closely, how much and how to utilize these capabilities. Only then will they be in a position to make

well-founded, deep, and realistic analyses; to discover the pluses and the minuses, the reserves that have not been utilized; and determine the most effective way of using them. Only in this way can they provide strong support in the struggle against that negative tendency which continues to be present among certain workers who, "to be on the safe side" and not to create problems, withhold reserves for themselves, covering up the deficiencies of their organizational and managerial work. Their purpose is to prevent the planning of the maximum utilization of every technological line, of every piece of machinery and equipment; they do not want to undertake tasks that are always on the increase based on exploiting all the capabilities that exist and are continuously created by our dynamic development. It is imperative to work resolutely and struggle in this field so that we can respond to the fulfillment of tasks defined in the draft directives of the Eighth Congress that 80 percent of the overall industrial production growth in the 7th Five-Year Plan must be assured from the complete utilization of the existing production capabilities and from the planned reconstruction and expansion. It is very clear that the fulfillment of this duty makes it absolutely necessary, above everything else, to utilize fully, not only small units and production lines, but every piece of machinery as well. In order to do this, there is need for important, continuous, and very responsible work beginning with the planning stage, up to and including the implementation stages.

The growth of the effectiveness of social production, based on maintaining and improving the proportions anticipated for the 7th Five-Year Plan, is connected organizationally with lowering the expenses for production materials, which currently constitute 58 to 60 percent of the expenditures of the total social product and, in some branches and sectors of the economy, 70 to 80 percent or more of the production costs.

Apart from the fact that there is a continuing requirement and obligation to lower the costs of production materials to increase efficiency, this problem confronts us, with greater intensity, within the special conditions of drafting and fulfilling the 7th Five-Year Plan by relying completely on our own forces at a time when the prices of resources and raw materials, which we have to import, are increasing continuously; and, due to the expanding dimensions of our economic reproduction, a decrease of every percentage point in the cost of materials for production represents hundreds of millions of leks in savings.

Lowering the costs of production is a public duty which can be realized in all the phases of economic reproduction, in every production unit, and every work process. However, the duty of the planning and financial organs is to carry out extensive analyses so that sound foundations for the rational use of material and monetary resources are laid beginning with the planning stage. It is essential to strengthen the mobilizing character of the cost indicators, because a reduction in the cost indicators for the 7th Five-Year Plan would ensure the greatest amount of net revenue for the enterprises.

The achievements for this year show that the capabilities and reserves in this direction are very great. As a result of the good work that is being done to monitor and fulfill the cost plans and as a result of the measures which continue to be taken, based on periodic analyses, during the first 6 months of 1981,

production costs have been reduced by some 10 million lek below the planned estimates. Meanwhile, due to the deficits created in fulfilling the production plan, as well as the failure to implement a strong savings regimen and insufficient controls on spending, a substantial number of enterprises have shown increases in production costs during this period.

Although, during the debates on the draft directives there were examples of serious, profound work on lowering the costs of production, construction, and services in general and the costs of material expenses in particular, there also were many instances of superficial and formal work. As a consequence of the discussions on the draft directives and the preparation of the draft plan for 1982, it was found that certain enterprises had not kept in sight, as they should have done, the guidelines given to reduce costs. Thus, the cost plan presented by some enterprises reflects only the improvements that have been achieved until now while implementing the duties of the plan, whereas the achievements which will be assured by the improvement of the socialist organization of work, by the deepening of the technical and scientific revolution, from which profound changes are expected to take place in the norms for the use of raw materials, by the replacement of imported raw materials with domestic raw materials, by replacing those that are costly and cause deficits by less costly ones, by putting aside "leftovers" and "throwaways" and changing them into useful profitable items, are not reflected at the proper level in the draft plan. In addition, in some enterprises, the analysis of the plan has not been supported by all the realistic factors which ensure a reduction in costs. In the construction material enterprise in Shkoder, for example, 81 percent of the plan for lowering costs is expected to be achieved from reductions made at the sector level; in the "Ali Kelmendi" food combine in Tirana, the reduction in costs is expected to be achieved at the 63 percent level by an overall reduction of expenses in the enterprise and the sectors, when it is well known that the overall expenses of the enterprise and the sector only account for a relatively small amount of the production costs. Likewise, in the electromechanical and "Dinamo" plants in Tirana, the cost problem has not been solved according to specific products and according to each sector.

From these defects and weaknesses in the work of handling, planning, and observing the implementation of the cost plan, we see the insufficient work done by some planning and financial organizations in not implementing strictly the planning methodology. They must improve their work in this direction by learning about and realistically monitoring and analyzing the situation, recommending areas which need the most attention in reducing costs. They should give the workers a clear explanation in regard to the cost structures, showing which of its elements are the most important in the overall spending program, so that, in the implementation of the plan, the workers will concentrate their attention on areas that are the most cost effective. The problems of reducing production expenses begin and become fixed at the basic unit level. In every link of production, the capabilities exist to save on material, resources, and manpower with better organization. However, the ministries and other central institutions, in particular, their planning organs, have a special duty to study better than they have done so far, the problem of the specialization and coordination of production and to ensure the most effective use of basic funds, raw materials, and other essential materials; to increase quality in production and changes in the



manufacture of products which will lead to a decrease in the need for raw materials; encourage the most rational distribution of products which will keep to a minimum the damage done to raw materials and other essential materials and goods and save on transportation; and so on. Thus, we should regard the matter of increasing the economic efficiency of production as a problem which is not restricted solely to the enterprise or the agricultural cooperative but as a much broader problem which includes the districts, the economic branches, the ministries, and all our people's economy in general.

In order to increase economic efficiency, very important duties are assigned to the improvement of the social productivity of labor, as the single-most important way to achieve the rational utilization of labor resources, with high effectiveness. The increase of work productivity is the principal factor needed to increase social production in general and in every economic enterprise and agricultural cooperative, in particular. Therefore, the planning organs and all the management cadres, specialists and technicians in enterprises, cooperatives, in the districts and the central government departments, must make a better contribution in this area than they have done in the past. It is our duty to find in every link of our economy ways and means which will lead to the improvement of the labor productivity indicators so that concrete measures can be defined and taken to raise the technical and professional level of the workers, to raise the technological level of work, to improve the existing technology or to replace old technology with new and more advanced technology, to support these measures with the necessary technical and material bases and the proper financial funds, to strengthen those ties that are created by cooperation between enterprises, and to solve many other problems which arise in the process of organizing and managing work and production.

As the mass discussions of the draft directives of the Eighth Party Congress for the 7th Five-Year Plan revealed, in order to bring the social productivity of labor up to a level which will account for 44 to 46 percent of the increase in the total social product for 1985 compared to 1980, special importance is given to the measures to increase the levels of mechanization and to improve production technology and other measures to introduce in production the latest scientific and technological methods, since it is through improvements of this nature that we expect to achieve a 50 percent growth in the social productivity of labor in the course of the 5-year plan. Therefore, it is necessary that the planning organs in every link, and in cooperation with workers and technicians, think deeply and seriously of turning their attention to these problems and defining concrete tasks, by relying in everything on their own forces, on the creative ideas of the workers, on their own advanced experience, and on the experience of other working collectives.

Within the framework of the discussions on the draft directives, in order to raise labor productivity, special and careful attention should be concentrated on matters that deal with the further improvement of the socialist organization of work, by relying on norms for the assessment of work in general and on setting technical work norms in particular. Much remains to be accomplished in this area, especially as far as the technical norms are concerned. This conclusion is derived not only from the fact that work norms are still statistical but, also, because work norms, even technological ones, represent one of the

most dynamic elements in organization, which depends on many ideological, social, technological, and organizational factors. It is for this reason that technological norms become antiquated and do not always represent the real capabilities. Therefore, they must be corrected from time to time, as is happening everywhere right now, in the discussions of the draft directives, by supporting, upholding, encouraging, and establishing the workers proposals and initiatives in this area which is helping to improve the production and labor productivity indicators forecast in the draft plan for the 7th Five-Year Plan.

The draft directives anticipate that, by the end of 1985, around 90 percent of the workers will be working with norms, while the actual work time worked with technological norms will account for 75 percent of the total working hours. These developments in working with norms will serve, first of all, to define even more exactly the amount of hours worked and, on this basis, the amount of compensation for it. This also will regulate certain disproportions, which are seen in certain enterprises and cooperatives, between production growths, on one hand, work productivity, pay funds, and average wages, on the other hand.

The experience gained in many enterprises and cooperatives, such as the "Petro Papi" instrument plant in Korce, the "Stalin" textile mill in Tirana, the wire factory in Shkoder, the iron and nickel mines in Perrenjas, the Rubik geological enterprise, the agricultural enterprise in Lukove, the "Progress" cooperative in Elbasan, and many others, confronts the planning organs at the grassroots and at headquarters with the current task of generalizing and better organizing the work in other enterprises and, especially, standardizing manpower expenditures per unit of product for the same work process and taking measures which will lead to a fuller activation of the factors responsible for influencing increases in work productivity. Greater care also must be given to improve the more rational use of working time by leading workers, who are directly responsible for the fulfillment of the plan and for keeping the workers in departments and subsectors and technical, administrative, and economic personnel fully supplied with work at all times.

We are in the first year of the 7th Five-Year Plan. Therefore, the work for achieving the tasks of this 5-year plan has begun. They are important and considerable in range but fully realizable because they are, more than ever before, scientifically based; the tasks were set and defined after massive all-round studies, evaluation, calculations, and consultations in all their links, persistently and for an extended length of time. The conditions, the real capabilities, and the ways to achieve them are being evidenced once more in the discussions of the draft directives by the people.

Naturally, difficulties in fulfilling these tasks exist and will continue to exist; therefore, a greater, more comprehensive mobilization of the creative realizable energies is required, based on exemplary organizations and steel-like discipline. Within this framework, the planning organs at headquarters and at the grassroots have important duties; they have the task of monitoring, step by step, the entire process of implementing and realizing the tasks of the plan.

## CZECHOSLOVAKIA

### BRIEFS

**GRAIN SHORTFALL IN SLOVAKIA**--According to current agricultural production figures grain production in 1981, Slovakia has suffered a shortfall of over 645,000 tons of grain. Premature ripening of corn during the summer caused production loss from 2,700 hectares of corn. Sowing of winter grain has been successfully completed; 102 percent of planned wheat, 103.2 percent of rye and 108 percent of barley have been sown. Winter mixtures have been sown on 48,200 hectares, which is 115.6 percent of planned sowing. Wheat has been sown on 398,200 hectares. Compared with 1980 winter crop sowing, 46,700 hectares more have been sown in 1981. In response to recently adopted agricultural measures to reduce the number of pigs, 27,600 sows with low meat yield have been identified for slaughtering in the SSR by 15 December. [Bratislava ROLNICKE NOVINY in Slovak 9 Dec 81 p 1]

**PIONEERS COLLECT WASTE BREAD**--Members of the Pioneer youth organization have been making door-to-door household collection of dry bread in Stod, Plzen-South District. The bread is used as fodder for pigs at a local state farm. [Prague ZEMEDELSKE NOVINY in Czech 9 Dec 81 p 4]

CSO: 2400/94

# ENERGY MANAGEMENT, CONSERVATION MEASURES EXAMINED

Budapest FIGYELO in Hungarian No 44, 4 Nov 81 p 7

[Report by Szoke: "A Quick Look at the Conservation Program"]

[Text] Those who know what kind of burden the 10-billion-forint energy investments are for the national economy and what kind of negative effect imported energy has on our foreign trade balance must see the significance of even a 1-percent conservation of energy in the country's energy consumption or in the imports of crude oil and crude oil products. Huge sums are involved here, as the 1 percent mentioned is equivalent to about \$70 million worth of crude oil. It is understandable, then, that the results of the energy conservation program, ratified in 1980 by the parliament's industrial committee, drew considerable interest.

This program set a double goal for our energy management: on the one hand, it was supposed to slow down the rate of increase in energy consumption; on the other hand, it was supposed to change the structure of energy consumption and energy resources so that the consumption of domestic energy sources (coal, natural gas, and nuclear power) would increase and that of liquid hydrocarbons would proportionately decrease.

The program allotted 30 billion forints for investments during the plan period. Of this, 15 billion is allotted for large state investments (e.g., the construction of a cracking plant, which would make crude oil processing more efficient; an increase in natural gas supplies, etc.). The other half is for investments in energy rationalization at the enterprise level (this includes a 6.4-billion-forint state subsidy, 8.6 billion forints worth of bank credits, and the enterprises' own resources). In November of the past year, a competition was announced for ideas on the possibilities of using state subsidy and credit; the normative requirements of access to these means of financing was set at that time.

During the year that went by since then, 198 bank contracts on energy rationalization were signed in the value of more than 4 billion forints; and 16 enterprises are implementing investment projects worth 630 million forints, using their own resources without any outside help. At the enterprise level, these investments will make it possible to conserve an amount of energy that is equivalent to about 0.7 percent of the country's present energy consumption. In



addition, the investment projects mentioned, which have been started already, will also help the substitution of a significant amount of heating oil and cokes with other energy sources.

The next year will probably see an increase in loan contracts involving enterprise energy rationalization programs, i.e., the start of investment projects; if we reckon with the fact that the average time required for the completion of these investment projects is 1.5 to 2 years, then the entire 15 billion must be contracted by the end of 1983. In order to achieve this, the enterprise involved also must speed up the making of their proposals regarding energy conservation, the decrease of specific use of energy, and the change to economical fuels.

At the meeting of the parliament's industrial committee, Dr. László Kapolyi, state secretary of the Ministry of Industry, reported that, although only a fraction of the investment projects specified in the energy conservation program has been completed, there are already significant results. In spite of an expected economic growth of 2 percent, the country's energy consumption is expected to be 1 percent lower this year than last year. Consumption is thus about 3 percent lower than specified in the Sixth Five-Year National Economic Plan which, it is true, reckoned with a somewhat faster economic growth than it is expected now. According to estimates, the increase of next year's energy consumption also will be only 1 percent, i.e., half of the annual increase of about 2 percent specified in the 5-year plan.

The decrease in energy consumption is mainly the result of a slower economic growth, but the effect of the change in the structure and a decreased production of energy-intensive products also is significant. The energy rationalization investments are larger than expected; this also is true of the initial results of organizational measures which were greatly supported by the new pricing regulations.

In addition to slowing down the growth of energy consumption, the government's energy program also is supposed to change the energy structure in a way that makes it possible to decrease crude oil and crude oil product imports. As a result of such efforts, the consumption of domestic energy sources increased in the entire consumption by a few tenths of 1 percent, probably reaching 48.4 percent this year. In examining the data of the last 4 years, however, it becomes apparent that imports are still growing; however, imports of crude oil are not increasing but, rather, those of electric power and natural gas which make our energy structure more economical.

The reason why it is important to emphasize all this is that the favorable effects of the conservation measures and structural changes have been apparent in our energy management ever since 1979. One of the results is, for example, that it has been possible to decrease the proportion of crude oil and crude oil products from 40.7 percent in 1978 to about 33.4 percent next year. This means that in 1982 we will use about 2 million tons less crude oil than in 1980 and, of course, our crude oil imports will decrease by the same amount.

In order to make energy imports less of a burden on the national economy, it will be imperative next year to extend and speed up the energy rationalization

program--as stated in the resolution passed at the last meeting of the Council of Ministers. In addition to the results achieved by measures in organization and simple conservation, and maintaining the better-than-expected results, further possibilities of conservation and structure improvement must be found. We must reckon with the fact, however, that the possibilities of conservation without investments, only through organizational measures, are going to decrease in the future. This is why we must not forget that the efforts to improve energy management and to decrease imports require an appropriate regrouping of significant financial and spiritual resources. We must add that the domestic energy investments have a significantly lower-than-average rate of return. This presents a formidable task not only for the enterprises but also for the supervisory and functional management organs, for the specified rate of economic growth also must be attained at the same time.

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CSO: 2500/48



## AGRICULTURAL ACHIEVEMENTS, PROSPECTS ASSESSED

Budapest MAGYAR HIRLAP in Hungarian 8 Dec 81 p 7

[Text] Agriculture will increase production by 4-4.5 percent next year. The national economic plan calls for a greater increase in crop production and a lesser one in the case of livestock according to a report of the agricultural committee at yesterday's session of the national assembly. Under the chairmanship of Dr Laszlo Cselotei, the representatives analyzed the agricultural section of the economic plan in detail. Debates revealed that inclement weather resulted in a disappointing grain harvest which was not offset by the achievements in livestock raising. Nevertheless, there is no cause for complain because the population's supply of food was uninterrupted throughout the year; winter supplies have been safely stored, and export of foodstuffs can increase appreciably.

Preparations for next year's production were carried out systematically, and, according to Ferenc Vendegh, deputy minister of agriculture and the foodstuff industry have been met even in case of merely average weather. This fall more cereal grain has been sown than has been the case for decades. However, this was done at the cost of areas usually reserved for bulk fodder. This is a problem because average bulk fodder and pasture land yields are below expectation. Therefore, production of secondary-crop bulk fodder must be increased along with a substantially greater use of field crop byproducts.

This is all the more necessary, because the national livestock herd is on the increase. If returns from animal husbandry improve, production of meat products can increase to a greater degree than planned next year. Already more fatted hogs are being raised than specified in the Sixth Five-Year Plan, and there is expected to be a slight increase in raising of beef cattle. Although the number of milch cows is decreasing, higher yields are expected from them. There is greater enthusiasm for raising poultry. Growth in the participation of small producers plays an important role in this trend; this should be sustained by guaranteeing that conditions for raising and sales are assured and that supplies of feed will be steady.

Investments in agriculture were substantially greater than planned this year. The financial reasons for this include credits for export-stimulating investments and

energy conservation. Furthermore, farm income was greater than expected because of a good agricultural year in 1980 so that the farms had more resources of their own to use for development. The farms' own investment sources are expected to remain unchanged in 1982 but the extent of state support will decrease and terms for obtaining credit will be more stringent.

This fall for the first time in many years the amount of chemical fertilizer used has increased. This is because changes in regulators were announced in good time.

CS0: 2500/76

ESSAY ON POLISH ECONOMIC CRISIS 1980-1981 REVIEWED

Warsaw ZYCIE WARSZAWY in Polish 2 Dec 81 p3

[Article by Janusz Stefanowicz: "A Footnote to 'Polish Crisis 1980-1981'"]

[Text] The short but important essay of Prof Jozef Pajestka, "Polish Crisis 1980-1981," provides inspiration for much reflection. Here are a few possible reflections, simply by way of encouragement to read the essay.

Among other things, socialism differs from the other socioeconomic formations known up until now in that, despite statements to the contrary, it entered the implementation stage not as the result of the press of socioeconomic conditions which had matured in that direction brought to birth by revolution, but only as the result of the victory of a political power which conveyed the ideas and decided to implement them. This circumstance gave rise to two extreme positions. The creators of "real socialism" propagated the extremely optimistic, naive, or else cunning view that this system almost automatically insured social progress and the satisfaction of man's many-faceted needs. When it came up against reality which was often unpleasant, this hypothesis made it very easy for opponents of socialism and also for disappointed society simply to turn it around: if a system allegedly can do everything and actually is not doing much, then that means that the concept is false, empty, and stands in the way of real progress.

The author of "Polish Crisis" answers this with simple wisdom: "It is possible to spoil a country which has a capitalist economy. It is also possible to spoil a country based on the principles of a socialist economy... Planning provides great possibilities, but in and of itself there is no safeguard against bad planning. This is the way it is with every instrument. Socialism is no automatic assurance of good policy or guarantees that everyone will work wisely and well." In other words, socialism should be treated merely as an opportunity, and those who have it should consider the way to avoid wasting it. Up until now this aspect has not been the strong side of the wielders of socialist power.

The victory of socialism, an exceptionally ambitious variant of ideas of progress, also created another illusion in countries of moderate or low development: It was assumed as a dogma that the sense of mission for development proper to this idea is a proposal which cannot be rejected, it joins the society to the leadership, giving the latter at the same time its own special "carte blanche." Prof Pajestka is certainly a forerunner among theoreticians of this system when he says that "the conflict between the mission for development of the authorities and the aspirations of the population" are the broader underpinnings of the revolt of the working class, and here it was of a rather low level, as he mentions elsewhere, and led to the mission of industrialization.

The author presents two courageous theses against this backdrop. In relation to Gierek's times he states, "The great noncohesiveness of policy between the exceptionally ambitious mission for development of the authorities, on the one hand, and the readiness to carry it out, on the other," initially grew out of the fact that "the mission for development was more of a need of the power elite than a historical necessity." The monarchical style in which socialism was practiced as the grace of power misled the society for a while, but it did not incline it to make the sacrifices necessary to carry out that mission. Right away "dynamic development" was taken up in good spirit, even with enthusiasm -- by the author too, if I remember correctly -- as the gold coins thrown out on the occasion of the jubilee of Aga Khan, the seemingly light-hearted source of his initial successes was monetary, foreign debts. But when the bag became empty, there was no incentive to face up to the impending crisis. There was a weakening of power, along with a charitable smile, which hid the interior conscious arrogance that cannot allow a decline from on high in the standard of living or "the decisive use of state power," and this weakened authority "delayed the crisis at the cost of permitting it to become intensified."

The other "pro futuro" hypothesis requires skilled in-depth analysis, but it is certainly worth great attention: "the implementation of the mission for development by forcing investments has no sense today or for the foreseeable future." The author thereby calls for avoiding delays with strategic decisions with a timeframe to the year 2000 and beyond, because he thinks that it will be upon them that whether or not undertakings in the area of economic balance, the redistribution of the labor force, and the self-government of enterprises make any sense and if so, what sort of sense, will be depend. They all require a tremendous amount of group effort, are generally unpopular (in practice it turns out that they are unpopular in experience with the self-government of the work forces too), and so on, and for this reason they must be installed in such a vision of socioeconomic development which is at the same time as rational as possible and optimally approved by the society. Somebody may say that the thrusting of the forced industrialization, of cumulation was accomplished *via facti*, but the pressure of current conditions does not create

a vision of the future, and this vision is necessary, obviously not as a successive, willful idea of future incompetent authorities, but as a generator of the ambition of the nation and at the same time as a limiter of an aspect which Pajestka emphasizes, "the danger of the paralyzing play of group interests," which it will be so terribly difficult to avoid.

10790

CSO: 2600/97

PROGRESS ON 1982 ECONOMIC PLAN REPORTED

Warsaw RADA NARODOWA GOSPODARKA ADMINISTRACJA in Polish No 19/20, Oct 81  
pp 20-21

[Article by Ryszard Cwiertnia: "Work on the 1982 Plan"]

[Text] The Council of Ministers' resolution undertaken on 14 September of this year on the question of the principles for drawing up the drafts of the annual plans and budget of the state for 1982 introduces basic changes in the previous system of planning. The provisions of this resolution are mainly aimed at insuring that the implementation processes of the program for getting on top of the economic crisis progress in a planned manner. Also being addressed at the same time is the question of organizing these processes, which are intermediary by the nature of things, so that they will not slow the inculcation of the economic reform. It was not a simple matter to resolve this problem, because it is not easy to coordinate the necessity of state intermediacy with the independence of the enterprises. Nonetheless, it seems as though the solution adopted will be an effective way for the first stage of getting out of the crisis, a stage which includes the year 1982.

The preparation of the following documents is projected to occur during this period:

Annual Central plan  
State budget  
Credit plan  
Regional plans, and  
Plans of the enterprises.

Of course, the most important are the changes in the methods of working on the Annual Central Plan (previously the National Socioeconomic Plan) and the mutual relations between the CPR (Centralny Plan Roczny; Annual Central Plan) and the plans of the enterprises. The Annual Central Plan ceases to be a plan establishing the tasks and funds for the organizational units of the plan, such as the economic-type ministries and others. In this connection there is a departure from directive-distribution methods of hierarchical planning. For the first time planning on two levels was introduced, that at the central level and the enterprise level.



The Annual Central Plan will consist of two basic parts:

I. A forecasting and informative section containing forecasts of socioeconomic phenomena from demographic forecasts to forecasts of the production level for certain goods right up to synthetic forecasts of the results of economic activity; this part serves as the basis for central plan decisions and is one of the informational bases of the enterprise and voivodship plans.

II. A determining section which includes: general economic decisions of the central plan and operating programs for implementing the major socioeconomic goals, with concrete information concerning goods and groups of goods.

General economic decisions of the central plan consist of establishing allotments, prohibitions or recommendations, such as the amounts of investment outlays for certain investment tasks (considered central), prohibitions on the export or import of certain goods, and the command to restrict or discourage the production of certain goods.

#### Operating Problems

From the viewpoint of the problematics of getting out of the crisis, the method of resolving planning and implementation issues concerning the basic problems of the functioning of the society and the economy is of greatest significance. The following have been recognized as such issues:

Food,  
Public health and personal hygiene  
Clothing, footwear, and other products for children and young people,  
Fuel, power, and raw materials,  
Exports,  
National defense.

The elaboration and implementation of what are called operating programs are to help in resolving these complex problems. The list of these programs and the chairmen and personnel for the operating groups have already been established. It is to be anticipated that in the operating programs, which are to be drafted with variants, the nomenclature and size of production of goods which are of basic importance in the resolution of a given complex will be specified. It should be assumed that except for the fuel, power, and raw materials complex, the operating programs will set the production volume at a level which will satisfy entirely the needs of the society or the economy (or a specified extent of them).

The most important element of the programs will be to insure material supply to carry out the production contained in the programs. To this end it has been established as a principle that centrally cleared and distributed materials (16 groups of materials encompassing about 17 percent of the total value of supplies in circulation) will first of all be insured for the production included in operating programs. At the same time the allocation of these materials will be made in a manner completely different from that employed in the past.

In the allocation of rationed materials the decisive factor will be the contracting of an agreement on the delivery of goods contained in the operating programs with appropriate foreign trade or market trade organizations. The signing of such an agreement will be authorization to sign an agreement (obtain an allotment) for the delivery of a corresponding amount of distributed materials. Designated centers (enterprises) which handle turnovers of the means of production entitled to exclusivity in turnovers will conduct the turnover of materials included in the distribution.

Resources of rationed materials remaining after needs stemming from operating programs have been provided for will be distributed according to commercial principles in keeping with the priorities assigned in the Annual Central Plan which are obligatory guidelines for enterprises engaging in the turnover of the means of production. These guidelines may vary in nature and will be adapted to the type of material. The priority may be assigned to the type of enterprise, for example, small manufacturing, or the type of production, such as production for market needs or for export, or else to the type of activity, such as transport, repairs, and the like.

This organization of production and supply should provide for utilization of limited supplies of materials in a manner which is rational from the viewpoint of stabilizing the economy and meeting the fundamental needs of the society. In dependent of the above-mentioned centrally guided operating programs, the voivodship governors have been charged with working out special operating programs concerning construction and environmental protection in cooperation with the Minister of Construction and Building Materials Industry and the Minister of Administration, Regional Economy, and Environmental Protection. These programs will be of tremendous significance in the resolution of the enormous regional management problems.

In order to insure the correct and effective drafting of operating programs and the creation of proper conditions for carrying them out, directors of the operating programs will be endowed with extraordinary authority.

The Chairman of the Planning Commission of the Council of Ministers, in cooperation with the Minister of Finance, has been authorized to specify the jurisdiction of the program directors. In the individual ministries plenipotentiaries for implementation of the operating programs will be

appointed at a rank on a par with deputy ministers and will supervise the way the established targets are being met.

The most important task of the operating program directors and ministry plenipotentiaries on their implementation will be to work towards the contracting of agreements among all the enterprises participating in the implementation of the various programs. Of course the groups working out the export programs will have the most difficult task.

Therefore, within the area of the operating programs there will be a close relationship between the provisions of the Annual Central Plan and the plans of the enterprises, but this will not take place by way of the traditional directives established in the past. It is estimated that initially 20-30 percent of the industrial production will be included in the operating plans. In certain enterprises all production may be contained in the operating program. The established procedure for carrying out the operating programs will in no way violate the principle of the independence of the enterprise or other aspects of the economic reform.

A number of problems in the organization of the planning process for 1982 were only eluded to in the above-mentioned resolution.

The Chairman of the Planning Commission of the Council of Ministers has been charged with drawing up the following:

Methodological instructions on the preparation of drafts of annual voivodship plans and the scope of information to be sent to the central echelon,

Inquiries to enterprises producing raw materials, other materials, fuel, and energy and to major exporting enterprises, concerning their planned targets,

Instructions on the preparation of drafts of voivodship plans,

Instructions on drawing up draft plans for ministers handling inter-ministry coordination outside the sphere of material production, and also instructions on drafts of plans for science and technology and for quality and standardization,

Principles and manner of drawing up the plan of deliveries to meet the country's defense and security needs,

Manner of utilizing information concerning investments obtained from investors in the INBANK system.

It is to be anticipated that the scope and quantity of information transmitted in the instructions and gathered at the central level from the drafts and plans of the voivodships will be greatly reduced in comparison to previous practice.

#### Informational Reports Instead of Directives

An important element of the new forms of cooperation in the structuring of the economic activity plans will be the system of an ongoing exchange of information between the group of selected enterprises of various sub-sectors of the national economy and the Planning Commission of the Council of Ministers. The exchange of this information will begin in September through direct contacts between designated employees of the planning commission and management of the enterprises.

The subject of the first information from the central planning body consists of preliminary targets of the 1982 socioeconomic plan and the above-mentioned Council of Ministers resolution on the principles for drawing up drafts of the plan for this period. These documents will be the subject of Council of Ministers deliberation this September and will be sent to the Sejm. Informational reports on the problems of the annual central plan will be sent as well to the heads of trade unions and social and political organizations and will be put out for general information in summary form. This means that the principle of socializing the process of planning, as established in the directions of the economic reform, will encompass all phases of it.

The system of exchanging information should mainly insure that the enterprises have an ongoing awareness of the changes occurring in general economic conditions of their operations, such as price forecasts, supply possibilities, and so on, and should orient top bodies of the state administration on the socioeconomic dangers occurring in the enterprises, and the proposals and notions offered concerning the resolution of concrete problems. The principles introduced should help upgrade the quality of planning both at the central level and in the enterprises.

Autonomous enterprise plans will be drafted on the following bases of information:

Agreements with commercial units concerning the implementation of operating programs, discussed above,

Agreements with other units of the socialized economy,

Informational reports stemming from the forecast section of the annual central plan,

Prohibitions and commands contained in the central plan targets section,



Prices, tax rates, customs rates, foreign-currency exchange rates, and other economic parameters.

Rules and mechanisms to which the enterprise must adhere in the realm of the payroll fund and social funds of the workers, turnovers of supplies, foreign trade, and investment and financing activity,

Other data of their own which are essential in drafting the plan for enterprise activity.

As the timetable for work on the economic reform shows, probably hardly any of the basic information will be available to the enterprises before this December. Thus, the current work being done on planning should of necessity focus on direct processes. Taking this fact into account, the 31 January 1982 deadline set for the worker self-government to approve the enterprise's plan for 1982 should be considered to be really asking a lot of the planning services and requiring great concentration.

#### New Role of the Finance Plan

In view of the inculcation of the economic reform and of its inherent principle of the enterprises' self-financing of their operations, we should note the entirely new role and tremendous significance of the financial plan. This plan previously (except during the period of the application of the principle of the WOG [large economic organizations]) did not play any really important role or awaken any great interest (but should have) on the part of any link in the planning system. Currently in the self-governing enterprises which are independent and finance their own operations, they will become a basic minimum of the economic effectiveness of operations projected by the enterprise. The enterprises will present their annual operation plans to the banks financing them and to the district boards of state income and financial control.

The scope of information on the enterprise plan sent to the central level will be established in a Council of Ministers resolution on the annual central plan for 1982. It is to be anticipated that the number of these informational reports will be limited to the bare minimum and will not be used for any sort of assessment of the results of the activity of the self-governing enterprises by the machinery of the central economic administration.

Informational reports which the enterprises send to the voivodship governors will also be limited in a basic way and will concern planned changes in employment, expected level of the payroll fund, the demand for the intake of water and for transport, level of polluting emissions, effects of housing construction, and changes in land development. This means a basic addition to the content of the voivodship plans.

10790

CSO: 2600/91

MINISTER COMMENTS ON PRICES, RATIONING AND CURRENCY REVALUATION

Gdansk GLOS WYBRZEZA in Polish 15 Oct 81 pp 1, 4

[Interview with Zdzislaw Krasinski, minister plenipotentiary for price reforms, by Wojciech Rybowski; date and place not specified]

[Excerpts] [Question] /We talked together for the first time exactly 3 months ago. Then, sir, you were an optimist. Sir, you counted on the public accepting the price increases which would bring positive market results. The first price increases are behind us. To begin with, bread and grain products have increased in price as well as cigarettes and freshwater fish. Well then--do you, sir, continue to be an optimist?/

[Answer] Yes. I see no special reasons for not being one.

[Question] /I'm glad, sir, that you are in good physical and psychological condition. But, sir, you have stated, for example, that increases in the price of bread would quickly bring results in the form of a wider assortment of bakery goods, an improvement in their quality, and a decrease in waste. If one listens to people, it should lead one to the conclusion that they are disappointed./

[Answer] I counted on the increase bringing more quickly more visible results--that is true. However, I don't agree with the statement that the results have been insignificant, or that there have been no results at all. As you know, sir, I haven't been sitting behind a desk; I've been travelling a lot, talking with people; and we've been doing a lot of polling.

[Question] /...and what's been the upshot of these polls?/

[Answer] ...there have been certain, not great, but--let's say--moderate results. There has been less of a demand for bread in the countryside as well as in small and medium-sized towns, where a certain percentage of it is designated for animal feed. This was simply being wasted. Also there has been somewhat less waste in larger agglomerates. In smaller towns, the quality of bread has improved and there is a greater assortment of bakery goods. It is a fact that it is so much the worse in larger towns, but there are exceptions. Furthermore, I was somewhat surprised--knowing the opinion of the large agglomerations--at being interrupted as I was in Poznań at "Cegielski's" when I began to explain why there wasn't decidedly better baking goods.

[Question] /What has your staff said?/

[Answer] They said that we have better bread--let's not return to that theme. Furthermore, I affirm that in the whole, or almost the whole, country, we shall indeed have better baked goods.

[Question] /Firstly, when? Secondly, on what are you, sir, basing this statement?/

[Answer] Of course, I don't want to say that this will occur in 5 or 10 years, because that would be absurd. It seems to me that it won't be long--2, 5, or 7 months, depending on the conditions of the region. The prerequisite for this happening may be the fact that, in connection with the higher price of bread, there is felt the pressure to get about 1,000 flour mills rolling, mainly in the villages. In turn, in the towns there appears to be a tendency and a certain pressure to reactivate and develop small bakeries. This is what I'm getting at--higher retail price stimulates production.

[Question] /"Solidarity" reacted sharply to the price increases of fish and cigarettes. During the second round of the congress, you, sir, were with Minister M. Krzak in Gdańsk and found yourselves on the firing line. Your argumentation was not convincing. Some say that it was simply weak./

[Answer] Often we fall back on the West, let's do that now. France's "Le Figaro"--note well that it is not of the left--commented on Minister Krzak's statement on the subject of the need and appropriateness of the increase in prices of cigarettes, treating it more or less like a good technocratic argument. And the hall protested. Protests also accompanied my statement, which dealt with detailed matters. Only the rather emotional statement of mine that one of the goals of the price increase is to ensure that neither my children nor other people's children would have to stand in line in the latter part of the 20th century was well received. And thus in an incidental way as it were, real sadness came over me when the hall was unresponsive to the argument that increases in retail prices of cigarettes and tobacco would permit increasing revenues in the budget which would supply the sums paid to retirees of the old file.

[Question] /But why wasn't "Solidarity" at least informed about the dates of the increases?/

[Answer] Discussions on the subject of an increase in prices of cigarettes and tobacco already took place in July, and "Solidarity" expressed no opposition. Since this is a rather well-known matter, I am convinced that you, sir, attach great importance to why we didn't make our intention directly known prior to the whole operation. Please imagine to yourself what would have happened had advanced information reached sale points. Cigarettes which were there on hand would have been "laid away" by the sellers instead of reaching the owners of rationing cards. After all, everyone knows that we are in a position of checking on only once every 10th, and perhaps every 7th kiosk.

[Question] /Frankly, I have my doubts whether to question you, sir, unmercifully about further plans, i.e., about subsequent increases, or to question you somehow temperately. The journalist's duty and the readers' curiosity speak in favor of the first approach which results in compelling inquiries. However, one need not go

far in seeking arguments for the second approach, and what's more they are not by any means unimportant arguments. At times it is stated, you know, that in speaking about stages in price increases--whether it is in a previous interview for "GLOS" ["Voice"], or in other publications--and apart from drawing a scenario which will vanish from the market if we don't introduce a reform in retail prices, you, sir, have already contributed indirectly to stripping the market bare of a number of goods, mainly manufactured goods. A close associate of yours has said: When there is talk of price increases a flame shoots forth from our chief, but, in turn, he sets fire to the money in our citizens' pocketbooks./

[Answer] I am aware of this. I think, however, that I have no other way out. The alternative is not saying a thing and making the subject of prices taboo. That's the way it was in the past and everyone knows what not preparing the people for price increases has led to. Now, finally, with the existence of energetic trade unions, an attempt at concealing these plans on such an essential matter as prices is impossible.

Irrespective of the existence of unions, however, speaking on prices and the drawing up of a scenario are a result of my own conscious choice in the method of action. Indeed, in agreement with what I told you, sir, in the first interview, my research has shown that one of the three main reasons for the failure of the attempt at increasing prices in June, 1980, was the authorities' mistrust towards the society. The people replied--they don't want to be surprised and treated like children. Finally, it is not only I who draws a scenario that disappears from the market when reform isn't introduced. C. Bobrowski and W. Herer, for example, also do this. By that, I don't mean to throw off part of the burden from myself. I affirm that this is what is needed and they too are doing well.

[Question] /So what kind of price proposals are we to hope for in the near future? Are you, sir, going to stay with an increase of 220-250 percent?/

[Answer] I think that we have no way out. In the second stage (the first stage encompassed increases in the price of bread and flour-wheat products--footnote, W.R.) we are planning an increase in the retail prices of coal, gas, electricity, payment for central heating and the retail prices of those food articles which producers are beginning to accumulate.

[Question] /In general, what are these products?/

[Answer] This mainly concerns jams and marmalades.

[Question] /What's the reason for this?/

[Answer] Production costs are higher than present retail prices. And continuing with the thread of conversation begun earlier, in the second stage I propose an increase in the prices of potato flour, sugar and salt.

[Question] /When is this going into effect?/

[Answer] We are sending the prepared draft to trade unions this week. Consultation and corrections should not take up more than a month's time, that is to say, increases, if they are accepted, should be in force in the second half of November.



In the next stage I foresee an increase in the prices of milk, milk products, vegetable oils, and in the fourth stage an increase in the prices of meat, animal oil and saltwater fish. This should take place in the first months of 1982.

[Question] /Perhaps a few examples. How much is coal, butter, jam and ham going to cost us?/

[Answer] Coal will cost 2,000 zlotys (currently about 550 zlotys); table butter 60 zlotys per cake (currently 17.5 zlotys); prepared smoked ham about 500 zlotys (currently 180 zlotys); strawberry jam 40 zlotys per jar (currently 7.9 zlotys.)

[Question] /Recently, sir, you proposed about 450 zlotys per kg of ham./

[Answer] Yes, but since 1 October of this year, costs for the procurement of pork animals for slaughter have risen; and if we want to stick to the logic of economics, then we should estimate higher retail prices for products, in this case, ham.

[Question] /Before April, no one really wrote or spoke about prices at any length publicly. Now first professor Zdzislaw Krasinski of the Academy of Economics in Poznań gets heavily involved in expressing himself about the need for a pretty big increase in prices, and 3 months later the minister continued his offensive in this sector. After this, when he turned up his visor, suddenly there were found to be quite a few opponents. They present various views. I will reduce them to three: first--currency reevaluation; second--expansion of rationing. Both in lieu of, or alongside drastic price increases. The third, on the other hand, closely links general economic reform with price increases. Perhaps, sir, you would comment on these propositions?/

[Answer] Currency reevaluation is not possible from technical and social points of view. Technically, since no country in the world will print quickly for us as much money as we would need, even if we wanted a reevaluation. Secondly, I think that society would not accept a currency reevaluation.

In regard to rationing, I am against it. Already in its present form, it appears to be an anti-economic, onerous bureaucratic system that exhibits a disinclination to work. Expansion of rationing would be negative economics. I have taken up this position so as to eliminate rationing and bring about a real, not an illusory, functioning of the market based on price stability. And when it comes to the third solution, there is much to be said for it. We probably could have considered the linking of economic reform and retail price reform at the end of last year or at least at the beginning of this year. In the present market situation, it is first necessary to begin to calm down the market, without waiting for January, 1982, when the big reform is going into effect.

[Question] /But can one be insistent that without an economic balance there won't be a market balance in other important economic areas./

[Answer] My formula is clear--in the situation as it is, first begin to calm down the market, and then we can put the economic balance into perspective. Putting it another way, retail price increases should contribute to the economic reform's

coming into play. This, of course, does not mean that with the reform one has to wait for all the stages in retail price changes of food, heating fuel and energy to be completed. I shall repeat what I have already said many times before:

"Solidarity" correctly makes its acceptance of price increases on the condition that economic reform will not be delayed and that it will be profound as well as complex. Only in such a reformed system can altered prices truly fulfill their function and contribute to the proper functioning of the whole system.

[Question] /In principle we have been talking only about price increases, without referring to compensations. The first stage, after certain discussions and perturbations, has produced full compensation. Will these same principles be in force in the next stages, or will they be changed?/

[Answer] As in almost every case, we poll the society. I strongly emphasize this because I want to know the broadest sections of the public as possible. On the basis of this research we have originated drafts for compensation. There are those, for example, who anticipate equal compensation for everyone, as well as anticipating a degression in compensation in proportion to the growth of earnings and incomes per family member. The results of our research show that 68 percent of the persons who were polled were in favor of a degressive equalization of increases in retail prices. Here I would like to encourage once more the trade unions to join in working out and revising as well the proposed compensations, for we are not treating these drafts or plans like rigid statements.

Moreover, it is necessary to distinguish compensations that come under the rubric of the proposed large increase in retail prices of food, heating fuel and energy, which have remained stationary for years, from compensations under the rubric of "normal" growth in costs of living. We ought also introduce such adjustments in the growth of costs, and, in this matter, I am inviting trade unions to send in suggestions, propositions, and, more generally, to collaborate with us. Finally, exactly 2 days ago, "Solidarity" sent us a message via telex expressing their acceptance of our invitation.

[Question] /The inflationary curve presently amounts to at least 500 billion zlotys. The proposed price increases from compensations cannot, as I see it, contribute to an appreciable reduction of that sum. Next, you say, sir, that the purpose of the state's action is to bring about a balance in the market, but without liquidating or seriously reducing this inflationary balloon. One can only dream about a balance./

[Answer] Correct. Differentiated price increases must, among other things, lead to the formation of a correct ratio between them, and also between retail prices and production costs; they must minimize waste and play an adequate role in economic reform. But since compensations are going to accompany the price increase, such an operation can result in reducing the inflationary curve by about 40 billion zlotys.

[Question] /What about the rest?/

[Answer] Price increases of stimulants, i.e., cigarettes (already completed), alcohol, as well as gasoline, which, in my opinion, do not need to be compensated

for, should bring another 100 billion zlotys. Next--price increases of unessential and luxury industrial items of about 50 percent should give about 140 billion zlotys. By this means, one could reduce the inflationary curve by about 280 billion zlotys. The market could begin to catch its breath, although it still wouldn't be a deep one.

[Question] /There are also other methods. For example, raising interest rates at PKO [General Savings Bank], issuing bonds.../

[Answer] Price increases are necessary as I have argued. And we intend to use just these methods on the over 200 billion remaining zlotys. Speaking more concretely, I anticipate the introduction of a two-digit interest rate on saving deposits in PKO that have been there for a long time; I also anticipate a continuous revalorization of these deposits after the reform in retail prices has ended. Moreover, a tax policy, obviously, has a certain place in the scheme of things (for example, higher taxes from summer homes.

Also there are such proposals or solutions as these that have been coming up: alongside, for example, the 1,000 blue banknote there appears--let's say a yellow banknote. With this yellow banknote pensions are paid off and farmers paid, etc. With the yellow banknotes, the public covers its current expenses. The blue banknotes should be deposited in PKO in one account. Since the market situation is difficult, one part of the blue banknotes could be paid out by PKO, and the other part (the remainder) by PKO only in special cases (buying a house, a lot, funeral expenses). The remaining blue banknotes should not be used for normal time payments, and I underline the word "time." As the market situation improves, sums from the accounts (of course, they have been receiving interest) could be gradually activated.

[Question] /Aren't you, sir, by any chance, proposing too many drastic solutions. Why all of this seems to be unreal./

[Answer] Everything that I have said are projects, proposals, plans, and actually just reflections. And that's why I've been talking about this, because it's going to be necessary to speak out on these subjects.

Finally, I would like to avail myself of this opportunity to urge your readers to acquaint themselves with the brochure, which should come out shortly at the kiosks. It discusses price increases and many projects or plans which I have mentioned here. At the end of the brochure there is also a questionnaire, where the public can decide which solutions or legal instruments they prefer and which ones they want to reject.

[Question] /Thank you for talking with me./

9866  
CSO: 2600/55

## MINISTER INTERVIEWED ON METHOD TO INCREASE HOUSING

Warsaw TRYBUNA LUDU in Polish 18 Nov 81 pp 1, 2

[Interview with Tadeusz Opolski, minister of Construction and the Construction Materials Industry by Hanna Grzegorzczuk; date and place not specified]

[Text] Public opinion, and especially the thousands of families waiting for housing, is deeply concerned as people follow the situation at the construction sites of new communities. As director of a department, you were involved with these problems-- what is your view of them today when you are the head of the ministry? A PAP journalist posed this question to the minister of Construction and the Construction Materials Industry, Tadeusz Opolski.

[Answer] The implementation of housing plans is really going badly. In 10 months we have only progressed to 61.1 percent of our one-year plan and, consequently, we consider that salvaging the plan by doing everything possible is one of the most important matters at hand.

[Question] Is that realistic?

[Answer] From our analysis of a business evaluation on the progress on many structures, progress could be speeded up to provide an additional 20,000 housing units before the end of the plan year, i.e., 1/4 of the total number completed to date.

Not only we, but the majority of the work force also considers this possible, given certain conditions. There is a shortage of materials. Therefore, we made quick, on-the-spot decisions to transfer these materials from construction sites where they are not currently indispensable. We are likewise inventorying supply centers which still have some reserves. We are stepping up deliveries of those supplies which are indispensable to increase housing construction for this year: floor covering, paint, mechanical components and the like. In my opinion, we still have an opportunity to halt the backlog this year so that we may begin next year with a better start. Not only the future tenants of new housing expect this from us, but also the labor force. I maintain that a considerable majority of construction workers really wants to put in an honest day's work, and not just take money for forced stoppages.

We are trying to increase deliveries of such other basic materials as cement, steel, coal and [liquid] fuel. As yet, it is difficult to judge the results of these attempts. We must ensure our work crews with basic labor work front. A still greater decline in construction cannot be permitted. Our potential, created through toil, cannot be dissipated; it is not something which can be created anew.



In summary I would like to emphasize that we have marked out three major tasks for ourselves for the coming months:

- To halt production decline throughout the construction industry;
- To continue to shift the means of production over to the tasks which are of greatest importance to society--housing, the social infrastructure and investments in the agro-food area;
- To reduce the scope of construction (which, I hope, is temporary) resulting mainly from a shortage of materials to make marked improvements in quality.

[Question] What else is indispensable in order for these tasks to produce the expected results?

[Answer] In my opinion, the success of our immediate endeavors and our other longterm measures lies in the development of close cooperation and partnership with trade union. If we succeed in reaching a state of harmonious cooperation based on rational principles, which does not mean cooperation devoid of discussion, the benefits will be calculable not only for those who are waiting for housing but also for the work force. I do not hide the fact that I consider this very important. The creation of an atmosphere of trust, initially even trust on credit, is an enormous problem.

[Question] And what of systems issues, prospects for the future and new principles of construction activities?

[Answer] We have already sent the Commission for Matters of Economic Reform our drafts of documents concerning the makeup of all construction structures within the country, as well as the actions of our ministry. This should not be an economic ministry, but an organ of the state administration for all of construction regardless of who the superior of a given construction enterprise is.

These are difficult changes to execute, but what makes them more difficult is that they are being executed during a transitional period. So the question comes up--what should be done to best prepare the ministry and the enterprise to embark upon reform? How do we provide all enterprises with the conditions giving them an equal start to act on the basis of the new principles. Some of these enterprises are more, some less, in debt. Some find themselves in a good situation, others, in a bad one. Contractual fines alone imposed for the delayed implementation of investments are enough to ruin the possibility of self-financing. Consequently, the best solution must be found in this regard, and it must find acceptance.

We are all now beginning to learn about reform. At present, there are meetings throughout the country at which representatives of the ministry relay indispensable information concerning reform proposals and work forces, self-government bodies and directorates talk about their problems, what they are lacking and sore spots. We attach much importance to these consultations.

Among the important issues, there is also the need to create conditions which will enable us to halt the decline in construction-assembly production which has lasted perhaps since 1978. We must stop our retreat and take at least a few steps forward in construction activity. There are a few paths which can lead to this goal; it is indispensable that we nurture the conviction that the development of housing

construction and of what is associated with it is a way out of the present crisis. And in this regard, despite all of our needs, it is worthwhile and necessary to designate the indispensable funds for housing construction. This in no way contradicts the thesis which states that we must limit our investments in general.

If these funds are found, the next task becomes how to make the best use of them. We would like our institutes and scientific-research centers to develop, quickly and accurately, possible technical and technological solutions for construction practice characterized by lower materials and energy intensiveness. We would like them to approach all enterprises with these solutions as examples, not obligatory concepts. We also aim to popularize everything which has thus far been developed in many design offices and at construction sites in a word, every good idea and example of good work worthy of universal dissemination.

We must also utilize the period of the coming years to restore good quality and the tradition of solid construction work. With the existing skills of our work forces and the available materials, we can afford already now to bring better quality into construction work. However, this requires the application of a whole system of material incentives--efforts in this area continue--to create conditions in which it will not be profitable to do shoddy work.

Among the many other issues of the ministry's concern, I would like to bring up one other one--the creation of conditions of the effective control over compliance with the law in the construction process, i.e., the return to the so-called construction militia or such an organ of the ministry as would be in position to ensure compliance with construction law and would also effect high quality production. We are now at work on these and many other longterm measures.

8536  
CSO: 2600/74

## OPERATION OF BANK FOR INTERNATIONAL ECONOMIC DEVELOPMENT

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 11 Nov 81 p 2

[Text] Significantly better results have been recorded in protecting against noncommercial risks.

Belgrade 10 November. In the first 9 months of the year, the Yugoslav Bank for International Economic Cooperation issued additional credits of 5,850 million dinars for exports. The total value of transactions receiving these credits is \$318.3 million. Of the total completed export transactions in the first 9 months of the year that were supported by the Bank, 55.2 percent were with developing countries, 30.8 percent with socialist countries, and 14 percent with industrially developed western countries. The Bank's plan for 1981 expected total exports using credit to amount to \$500 million, with the sum of additional credits anticipated to be 9 billion dinars.

For the period in question, the Bank's agencies continued to approve supplemental credits for export transactions that would be completed in 1982 and subsequent years. New export agreements on credit to be completed in the coming years had a value of \$304.4 million; and, for them, credits totaling 5,390.3 million dinars were approved. Together with increases connected to the changed exchange rate for the dinar, the total supplementary credit amount is 8,081.8 million dinars.

Among significant transactions for which these additional credits were approved, important ones include three ships being built at the Uljanik shipyard in Pula for Liberia; other ships are being built at the Split, Treci maj, and Viktor Lenac shipyards, and in other yards. Supplementary credits also were approved for shipping 3,000 IMT tractors to Egypt, 5,000 Zastava automobiles to Algeria, and Minel transformers to Greece.

In the first 9 months of 1981, the Bank made promises for additional credits amounting to 19.76 billion dinars for export transactions worth \$1,159.3 million. These promises for supplementary credits were given chiefly for investment projects and the export of capital goods to developing countries in the coming years.

Markedly more favorable results than those of the preceding year were realized in the first three quarters of 1981 in ensuring export transactions from noncommercial risks. The value of 312 newly completed agreements amounted to 1,562.8

million dinars. Growth continued in the share of African countries in the total number of concluded agreements, reaching 59.3 percent. The value of insurance agreements for export transactions to African countries reached \$925.9 million. The share of Asian countries in these transactions amounted to 27.13 percent. In the first 9 months of this year, 84 insurance commitments for export transactions valued at \$2,308 million were issued. Compared to the same period of last year, this figure represented a 97.3 percent increase.

12131

CSO: 2800/79



STATUS, OUTLOOK FOR SMALL-SCALE ECONOMY IN POORER REGIONS

Belgrade KOMUNA in Serbo-Croatian No 10, Oct 81 pp 30-34

[Article by Elvira Mandic]

[Excerpts] Advantages of Small Business for Location in the Underdeveloped Regions

A sizable number of major capital-intensive projects are under construction in the regions of the underdeveloped republics and SAP [Socialist Autonomous Province] Kosovo, and they have absorbed the bulk of the capital from the region itself and the additional capital from outside. The resources of the socialized sector, in spite of the aid of the broader community, have not been sufficient to finance the development of all the necessary branches and activities of the economy. Under these conditions development of the capacities of small business [the term covers small-scale business operations in both the socialized and private sectors--translator's note] is imposed as the logical and indispensable solution. This would afford more optimum use of capital-intensive economic potential already built and higher employment of the population labor-intensive manufacturing industries. Investments in small business would come mainly from the available funds of private individuals, which is very important because of the lack of investment resources in the socialized sector.

Moreover, certain characteristics of small business suggest the conclusion that it is very suitable for location in economically underdeveloped regions.

Smaller production plants are suitable for subcontracting relations with the corresponding industry from the advanced regions on the principle of business-technical collaboration, as well as on the basis of pooling labor and capital. This especially applies to the motor vehicle, metal manufacturing and electrical products industries. Likewise, small business operations can have a considerable impact on import substitution of consumer goods, since they are suitable for production in small runs, with a broad assortment and with quality design. In addition to these sectors, small production facilities can specialize in the processing of secondary raw materials and the rendering of various services to the economy and to the general public. There is a shortage of these activities throughout the country, but in the underdeveloped regions especially.

Jobs can be opened up in the production and service activities of the small business sector at considerably lower cost of investment than in industry and other economic activities. Usually these are plants with a relatively low organic composition of capital, which affords higher employment per unit investment than in other branches of the economy. This is especially suitable to the underdeveloped regions, which have a sizable potential supply of manpower, but not enough capital for investment. The diversity of organizational forms in small business--small establishments in the crafts and trades and hostelry, co-operatives and contract organizations of associated labor--also make it possible to increase employment by enlisting the resources of returnees from temporary employment abroad, a large number of whom are from the economically underdeveloped regions.

Finally, small-scale production and service facilities are suitable for location in prefabricated structures and at temporary sites, which is also suitable to the economically underdeveloped regions because funds are not adequate for construction of business space and the urban plans do not exist which would establish the location of economic facilities on a more permanent basis.

#### Vehicles for Development of Small Business in the Underdeveloped Regions

Over the period from 1981 to 1985 all opstinas in the underdeveloped regions should enact plans for development of small business, and on that basis they would in turn draft specific programs for opening up new production and service facilities or expanding and modernizing existing ones.

One way in which the programs for development of small business in production activity should be carried out is by the pooling of labor and capital with organizations of associated labor from the advanced regions, in which it is also possible to use resources of the Fund for Stimulating the Faster Economic Development of the Underdeveloped Republics and SAP Kosovo. The resources of the Fund can be used to finance 50 percent of the total value of the investment project.

To the end of developing plants for subcontracting in the motor vehicle, metal manufacturing and electrical products industries, as well as in other industries, large production and distribution systems in the more advanced areas need to draft specific production programs and become vehicles for carrying out appropriate projects on the principles of business-technical collaboration and the pooling of labor and capital.

The trade sector from both the advanced and the underdeveloped regions ought to be the principal initiator for the opening up of plants for production of consumer goods, especially for the purpose of import substitution. These plants would be opened on the basis of plans concerning long-term business collaboration, which would also include the pooling of labor and capital.

Aside from the trade sector, major industrial producers of consumer goods should also be interested in opening up these plants. Plants of the small business sector for the production of certain consumer goods would be welcome to them

because of specialization and division of labor, to relieve them of the production of small and unprofitable runs, to fill out their assortment, to eliminate the need to import parts and assemblies, and so on.

### Organizational Forms for Development of Small Business

Under the SFRY Constitution, the constitutions of the socialist republics and autonomous provinces, and the Law on Associated Labor, contract organizations and cooperatives are supposed to be the principal organizational forms in establishing the RO's [work organization] of the small business sector.

Contract organizations are a form for transforming individual labor into associated labor whereby the founder retains certain rights, but in all other respects those regulations apply which pertain to organizations of associated labor in the socialized sector. Organizations of this kind are very suitable for organizing production in the underdeveloped regions, especially to meet the needs of large-scale industry in the more advanced regions. However, the figures show that the number of contract organizations of associated labor which have been established is lowest in the underdeveloped republics and SAP Kosovo. Of all the 91 contract organizations of associated labor, which have a labor force of 1,922, only 28, with a labor force of 602, have been established in the underdeveloped regions. In Bosnia-Herzegovina 11 contract organizations have been established, in Macedonia 10, and in Kosovo 7, while not a single such organization has been established in Montenegro.

It is obvious that the opstinas in the underdeveloped regions must make a considerably greater effort to establish contract organizations of associated labor. These opstinas, which have the greatest interest in stepping up their economic development, ought to commit themselves especially to finding production programs suitable for small-scale production facilities, at the same time respecting the raw materials and personnel potential which are available. There is a need in this connection to furnish incentives to individuals from these opstinas who are employed abroad temporarily to encourage them to establish contract organizations of associated labor. The opportunity to use foreign exchange savings to purchase equipment, which they would bring into the country and use as their share in establishing a contract organization of associated labor, could be especially interesting to workers employed abroad temporarily.

Cooperatives, as a very suitable form of association for performance of activities in the small business sector can also be very beneficial to stepping up the development of the underdeveloped regions. However, here again the figures show that the number of cooperatives established in the underdeveloped regions is relatively small. Only 89 of the total of 256 cooperatives have been established in the economically underdeveloped socialist republics and SAP Kosovo (16 in Bosnia-Herzegovina, 7 in Montenegro, 65 in Macedonia and 1 in Kosovo).

### Inadequate Incentives for Development of Small Business in the Private Sector

Aside from contract organizations and cooperatives, private establishments in the crafts and trades, hostelry and other activities are to serve as the third

basic form for development of small business. Unfortunately, the present situation with the development of this type of small business does not as yet conform to the basic social commitments in this sector.

**Self-Employment in the Small Business Sector in the Economically Underdeveloped Socialist Republics and SAP Kosovo at the End of 1979\***

<u>Activities by Socialist Republics and Socialist Autonomous Provinces</u>	<u>No of Persons Self-Employed</u>	<u>No of Persons Employed by Them</u>	<u>Total (self-employed persons and persons they employ)</u>
Privately owned craft and trade establishments			
Yugoslavia as a whole	115,477	61,236	176,713
Bosnia-Herzegovina	15,604	5,484	21,088
Montenegro	1,395	481	1,876
Macedonia	9,968	4,249	14,217
Kosovo	4,799	1,319	6,118
Privately owned hospitality establishments			
Yugoslavia as a whole	14,317	16,403	30,720
Bosnia-Herzegovina	2,686	3,268	5,954
Montenegro	205	245	450
Macedonia	636	457	1,093
Kosovo	459	54	970
Common carriers in the private sector			
Yugoslavia as a whole	37,562	667	38,229
Bosnia-Herzegovina	6,902	38	6,940
Montenegro	1,087	10	1,097
Macedonia	3,481	3	3,484
Kosovo	1,370	58	1,428
Privately owned stores			
Yugoslavia as a whole	485	47	532
Bosnia-Herzegovina	--	--	--
Montenegro	3	--	3
Macedonia	75	--	75
Kosovo	168	12	180

\* These figures of the Federal Bureau of Statistics are published as a rule 2 years after the fact, so that the figures for 1981 will be published in mid-1983.



The opportunities for development of self-employment have not been sufficiently taken advantage of anywhere in the country, but especially in the regions of the economically underdeveloped socialist republics and SAP Kosovo. This especially applies to self-employment in the crafts and trades. Thus the number of persons employed in private craft and trade establishments (self-employed persons and the workers they employ) per 1,000 inhabitants is more than fourfold greater in Slovenia than it is in Montenegro, nearly threefold greater than in Kosovo, and more than twofold greater than in Macedonia. If we compare the situation at the end of 1979 with the situation in 1975, the number of private establishments in the crafts and trades is down 19.1 percent in Bosnia-Herzegovina, while in Montenegro it is down 23.8 percent. The total number of persons employed in private craft and trade establishments has increased only in SR [Socialist Republic] Macedonia (by 1.6 percent). According to regulations, the privately owned craft or trade establishment may employ up to five workers; however, in Bosnia-Herzegovina and Montenegro only one establishment in three, and in Kosovo barely one in four employs an additional worker. The situation is somewhat more favorable in SR Macedonia, where there is one employed worker for every 2.6 private craft and trade establishments. If advantage were taken of the opportunities afforded by the law, nearly 150,000 workers might be employed in private craft and trade establishments in the underdeveloped regions.

The reasons for the decline of crafts and trades in the private sector are most frequently the high age-specific composition of the owners, the lack of qualified young people coming along, the lack of business space, unlicensed work being done on the side by persons employed in the socialized sector, the high contributions to self-managing communities of interest, and so on.

In certain underdeveloped opstinas there is also resistance to the crafts and trades in the private sector, often based on the old notions that this form of economic activity results in capitalization and capitalist social relations. Such opstinas have altogether overlooked that small business as a whole, including self-employment, offers them an important opportunity to provide jobs to their population. That is why the economically underdeveloped opstinas ought to establish temporary and permanent locations of business space for self-employed persons and adopt measures to encourage the opening of private establishments in the crafts and trades and private stores. The opstinas should particularly motivate those returning from temporary employment abroad to open up private craft and trade establishments.

#### Measures To Develop Small Business in the Underdeveloped Regions

Article 15 of the Agreement on the Bases of the Yugoslav Social Plan Concerning the Policy of Faster Development of the Economically Underdeveloped Republics and SAP Kosovo From 1981 to 1985 provides that the signatories must encourage the pooling of labor and capital to support the development programs of underdeveloped regions by proposing legislation which would exempt economic entities either partially or entirely from the payment of certain contributions either entirely or partially. The participants in the agreement also committed themselves to encouraging the development of manufacturing facilities in the underdeveloped republics and SAP Kosovo through the pooling of labor and capital of

organizations from the advanced regions with organizations in the underdeveloped regions. The incentives of the participants in the agreement will certainly embrace small business as well.

Implementation of the Social Compact on the Bases of the Joint Effort To Conduct the Policy of Developing Small Business in the SFRY should also bring about faster development of small business in the underdeveloped regions. The parties to this compact emphasize the need to ensure in the conduct of economic policy appropriate conditions that will motivate efforts toward faster and more uniform development of small business throughout the country, but especially in the economically underdeveloped regions. Article 13 of that same social compact commits the participants to advocate adoption of specific programs for development of various small business activities on the part of sociopolitical communities, local communities and interested organizations of associated labor.

This document also emphasizes the need for industrial organizations to relieve themselves of the production of a wide assortment by establishing small business organizations. Priority in this should be given to location of small business in the underdeveloped regions ["opstinas" was probably meant--translator's note] of the republics and SAP Vojvodina, as well as over the entire territory of SAP Kosovo. The participants in the social compact are to endeavor to have organizations of associated labor in industry, trade, tourism, construction and other activities to make a greater commitment to organizing small business facilities in order to provide a broader assortment of goods and services, to increase exports and to reduce imports. Within the limits of their rights and responsibilities, the participants are to take timely measures to ensure fulfillment of the program for development of small business.

#### Sources of Funds To Finance Programs for Development of Small Business in the Underdeveloped Regions

Along with the available resources of interested organizations of associated labor, provision has also been made to obtain funds from the Fund for Stimulating the Faster Economic Development of the Underdeveloped Republics and SAP Kosovo and use of international credits in solving the question of financing.

Under Article 10 of the Agreement on the Bases of the Yugoslav Social Plan on the Policy of Faster Development of the Economically Underdeveloped Republics and SAP Kosovo Over the Period From 1981 to 1985, the fund grants credits to the economically underdeveloped regions with an average repayment period of 13 years and an interest rate of 5.5 percent per annum (for SAP Kosovo the average repayment period is 15 years and the rate of interest 4.5 percent per annum), with payment to begin 3 years after the end of the year in which the credit was approved. Small business organizations have been using credits from the fund up to now, and it is logical to expect that programs for development of small business will in the future also be financed in part from this source.

Programs for development of small business are also being financed from the line of credit of the International Finance Corporation in Washington in the total amount of \$32 million, for which applications were invited on 30 June 1980. Every republic and province will use \$4 million of this credit. The proportions

for use of the credit are as follows: 80 percent of it will be used for credit financing of small business within the sector of associated labor and 20 percent for the credit financing of private establishments. The credit can be used to import equipment and as dinar credit. Under the contract with the International Finance Corporation the credit terms are as follows: a rate of interest of 11 percent per annum with a repayment period of 9 years, repayment to begin 3 years from the date when the line of credit was approved. The banks are required to furnish \$2 in dinar credit for every \$1 of this credit, and it is therefore indispensable to enlist other sources of resources (bank resources, savings and resources of self-employed individuals, the resources of persons returning from temporary employment abroad, and so on).

Foreign exchange and dinar funds amounting to nearly \$50 million will be invested in the small business sector of the underdeveloped regions through use of this line of credit. In view of the agreed guideline that the resources of this line of credit be used mostly to finance construction of small business plants which would establish subcontracting relations with "big" industry and would produce goods substituting imports and augmenting exports, it is expected that this line of credit will help to improve the economic structure and enhance the involvement of small business in foreign trade flows.

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## ECONOMIC RELATIONS WITH NIGERIA

Belgrade JUGOSLOVENSKI PREGLED in Serbo-Croatian No 9, Sep 81 pp 339-341

[Article prepared by Bogdan Popovic, a journalist of Belgrade; reviewed by Dusan Jovanovic, administrative chief, Federal Secretariat for Foreign Affairs]

[Excerpt) Economic relations between Yugoslavia and Nigeria are characterized by a growing volume of trade and highly developed cooperation in construction work. In a relatively short period, Nigeria has become one of Yugoslavia's most important economic partners in sub-Saharan Africa.

Until 1978, economic relations between the two countries were based on the 1964 Trade Agreement. In December 1977, the Nigerian government annuled the existing Trade Agreement, while at the same time expressing its wish to conclude a new trade agreement on an altered basis. Preparations for concluding the new trade agreement are under way.

The Mixed Committee for Economic and Scientific-Technical Cooperation between the two countries has met four times: from 27 September to 2 October 1974 in Lagos; from 15 to 21 June 1976 in Belgrade; from 11 to 14 December 1978 in Lagos; and from 10 to 13 June 1980 in Belgrade. At these sessions, concrete measures were considered that the two countries could undertake to establish long-term economic cooperation. At the third session of the Mixed Committee, a subcommittee for agricultural cooperation was formed that is expected to make an essential contribution to developing this important area of cooperation. In March 1980, a joint economic office for Yugoslavia was opened in Lagos.

### Trade

Within the framework of economic cooperation between the two countries, particular attention has been directed to advancing mutual trade in goods. For the Yugoslav economy, the Nigerian market is important for increased Yugoslav exports and for ensuring a steady supply of crude oil for processing at Yugoslav refineries. Table 1 depicts trade between Yugoslavia and Nigeria from 1962 to 1980. In recent years, the total volume of trade between Yugoslavia and Nigeria has increased markedly. In 1979, it approached the planned overall total of \$200 million. In that year, trade increased by 227 percent (with Yugoslav exports rising by 319 percent and imports by 229 percent). The trend toward increased total trade continued in 1980.



Table 1. Trade Between Yugoslavia and Nigeria, 1962 to 1980

<u>Year</u>	<u>In Thousand Dollars</u>	
	<u>Exports</u>	<u>Imports</u>
1962	139	68
1966	1,071	82
1971	1,034	1,698
1974	3,420	1,174
1976	65,595	525
1977	32,521	2,542
1978	18,293	33,617
1979	76,728	110,440
1980 (8 months)	95,951	60,500

A major role in increasing trade between the two countries was played by the exchange agreement concluded at the beginning of 1978 providing for the delivery of Yugoslav ships to be purchased with Nigerian crude oil. The Yugoslav partners to this agreement were the Split Shipyards and INA-Naftaplin (Oil and Gas) enterprise of Zagreb. The agreement provided for the Nigerian partner to receive eight vessels with a value of \$120 million, while the Yugoslav petrochemical industry would receive 500,000 tons of crude oil. In 1979, export of ships accounted for 78 percent of Yugoslav exports to Nigeria; and, in 1980, ships made up 64 percent of total Yugoslav exports to that country. Besides vessels, Yugoslav exports to Nigeria include complex fertilizers; medicines, serums, and vaccines; canned fish products; transformers; and refrigerators.

Total Yugoslav imports from Nigeria consist of 80 percent crude oil and 18 percent cocoa.

In order to increase the volume of trade between the two countries, the fourth session of the Mixed Committee agreed to work for diversification of both the export and import mixes, so that these trade relationships would include among Nigerian exports, in addition to oil and cocoa, such items as coffee, raw rubber, hides, medicinal herbs and cotton. Similarly, Yugoslav exports in addition to ships should be expanded to include products of the metal and machine industries; electrical products; agricultural machines; textile, chemical, and wood products; artificial fertilizers; nonferrous metals; processed food products; medical equipment, medicines, and pharmaceutical products; and construction materials.

The INA refinery of Zagreb concluded a long-term contract on 15 May 1980, providing for the purchase of a million tons of Nigerian crude oil annually; this should provide for a high level of trade on a regular basis.

Until 1977, Yugoslavia enjoyed a large trade surplus in total exchange between the two countries. Beginning with 1978, this trade surplus changed to a large deficit for Yugoslavia. Under the new circumstances, the existence of a negative balance of trade became a major hindrance for the Yugoslav economy, particularly since a trend emerged whereby the trade deficit steadily increased because of the purchase of significant quantities of oil. Consequently, at the fourth session of the Mixed Committee, the Yugoslavs raised the question of balancing trade between the two countries.

#### Investment Cooperation

Investment cooperation was the initial form of economic cooperation between Yugoslavia and Nigeria. Participants at the sessions of the Mixed Committee for Economic and Scientific Technical Cooperation have constantly stressed the desire to have this cooperation expanded, particularly in the areas of construction, agriculture, industry, and energy facilities.

In the field of construction in Nigeria, the Yugoslav economy is represented by the Energoprojekt enterprise of Belgrade.

Energoprojekt has successfully completed a number of construction projects in Nigeria, of which the most significant was the international fair grounds in Lagos, with a value of \$185 million. In addition, Energoprojekt has carried out projects for the electrification of 61 cities in western Nigeria with a value of \$16 million, as well as projects for the electrification of a number of Nigerian states, valued at \$25 million. In addition, Energoprojekt has prepared numerous studies of Nigerian needs in the areas of energy, water systems, and mining.

With the Nigerian federal government as its partner, Energoprojekt established the corporation NECCO Ltd for carrying out construction projects in 1974. It is projected that NECCO Ltd will become a major engineering organization for construction operations. So far, NECCO Ltd has built several significant facilities, of which the most important are Ascon College at Badagry (\$70 million) and the Lagos Federal Ministry building (\$100 million). Currently, NECCO Ltd is building the Yola and Kano irrigation system (\$220 million).

The "Partizanski put" labor organization of Belgrade, as a member of a consortium of Yugoslav labor organizations, participated in the bidding for the construction of the Enugu-Makurdi rail line. A final decision on awarding contracts has not yet been made.

Agricultural cooperation has largely consisted of the preparation of studies by Yugoslav organizations on the possibility of establishing fish ponds in Nigeria (by PPS of Osijek [expansion of PPS unknown]), and of corn-raising farms and hog farms, animal feed factories, slaughter houses, meat refrigerator plants, and distribution equipment (Emona enterprise of Ljubljana).

According to the conclusions of the Mixed Committee, cooperation in industry and energy projects should become an important form of cooperation between the two countries in the future. So far, the following projects have been done in these areas:

"Galenika" of Belgrade has set up a mixed corporation, Galenika Nigeria Ltd., in Nigeria with headquarters in Lagos. The Yugoslav organization's share of total capitalization is 49 percent. In the present phase, Galenika Nigeria Ltd is occupied with commercial transactions, but discussions are in progress with the Nigerian Ministry of Health for an agreement to build a factory to produce pharmaceutical products; under the agreement, the ministry would become a third partner in the enterprise.

The Gorenje enterprise of Valenje has a subsidiary in Nigeria known as Gorenje Nigeria Ltd. It is working on a program for industrial cooperation in the production of household appliances and small tractors.

INA Naftagas of Zagreb and Naftagas of Novi Sad, as Yugoslav organizations of associated labor, are negotiating an agreement for cooperation with the Nigerian National Petroleum Company for the exploration of oil fields and their exploitation for the production of crude oil and gas, for drilling activities and engineering and consulting services in the development of Nigerian energy resources, as well as for the training of personnel.

#### Financial and Banking Cooperation

The Central Bank of Nigeria and the Yugoslav National Bank have agreed on cooperation in the exchange of information on the banking systems of the two countries and on other banking activities. The two banks also have agreed to establish cooperation between the commercial banks in each country and to make agreements for direct financial transactions between Nigeria and Yugoslavia, so as to avoid intermediate banks of third countries. In that connection, agreement has been reached to have the appropriate agencies of each country consider concrete possibilities for establishing joint banking institutions.

#### Transportation Cooperation

The maritime shipping organization "Splosna plovba" of Piran maintains regular service between Yugoslav and Nigerian ports. Besides conventional ships, this service includes semicontainer and log-carrying specialized vessels. Splosna plovba also has established commercial cooperation with the Nigerian National Shipping Line (NNSI).

The "Jugobrod" complex organization of associated labor of Belgrade has formed the mixed maritime enterprise Yugoherva Ltd in Lagos, which is involved in leasing ships for shipping goods to Nigeria. Jugobrod also is preparing for the construction of small drydock repair facilities in eastern Nigeria.

On 19 October 1979 in Belgrade, the Nigerian Federal Ministry for Transportation and the Yugoslav Federal Committee for Transportation and Communications signed

a memorandum on agreement, according to which agreement was reached on cooperation between the appropriate specialized organizations of the two countries that are involved in maritime operations for the training of personnel for land operations, the transfer of deck and machine officers to the Nigerian national maritime company, the training of Nigerian cadets in Yugoslav schools with practical work on Yugoslav ships, technical assistance in the development of technical personnel in Nigeria, and provisions for making Yugoslav maritime officers available for operations in Nigerian ports.

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## YUGOSLAV-IRAQI TRADE NOTED

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 19 Nov 81 p 1

[Text] Iraq is almost the only developing country with which Yugoslav economic relations are at the level of political relations. With respect to the volume and value of Yugoslav exports Iraq is our fourth largest trading partner, and for several years now it has been in first place among the developing countries. This observation was made in a plenary meeting of the Iraq Section of the Economic Chamber of Yugoslavia.

According to the figures presented, visible trade in 1980 exceeded \$1.2 billion, and in the first 9 months of this year it was \$682.5 million, \$434.5 million of which consists of Yugoslav exports and \$248 million imports. The forecast is for Yugoslav exports to reach a level of about \$450 million by the end of the year, which would almost entirely fulfill the plan for 1981.

Most of the more than 1,000 products are industrial, and the list begins with machines and equipment, products of ferrous metallurgy, and so on. There is approximate balance of exports between two directions: to meet the needs of our construction contractors (\$161.1 million) and Iraqi customers (\$188.7 million). Exports amounting to \$700 million, \$189 million of this consisting of exports of meat and food products, have been proposed for 1982.

Petroleum continues to be the basis of imports (\$198.8 million in the first 9 months of this year), representing 99.7 percent of the total value of imports. Dates and lamb skins are other important articles.

At the specially called meeting of the joint committee in May 1981 Iraq emphasized its interest in augmenting exports, and both sides expressed a desire for long-term cooperation in the fields of raw and processed foods and industrial products, which will undergo further discussion in early March 1982 at the meeting of the joint committee in Belgrade.

For several years cooperation in construction of capital investment projects has occupied first place in overall relations with Iraq, contracts outstanding at the moment amounting to \$3 billion, and the contracts concluded just up to October amounted to \$1.2 billion. In the light of these contracts and Iraq's plans to spend more than \$133 billion for development up to 1985, several essential

questions have been raised concerning the level of organization of our effort in many aspects of the capital investment project field, and then questions related to problems of punctual payment for work, which will be discussed on the basis of serious criticisms at the meeting of the joint committee in Belgrade in March 1982.

The presence of Vido Knezevic, newly appointed Yugoslav ambassador in Iraq, added a particular aspect to the meeting in view of the seriousness of the questions raised.

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## YUGOSLAV TRADE WITH ALGERIA

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 19 Nov 81 p 1

[Text] Economic cooperation has been effective between Yugoslavia and Algeria, which cannot be said of the previous period, it was stated in a meeting of the Algeria Section of the Economic Chamber of Yugoslavia. The assessment is that economic cooperation has been more intensive since May 1979, following the meeting between Presidents Tito and Chadli [Bendjedid] and several visits and talks between top-level government representatives of the two countries during 1980 and 1981.

In 1980 Algeria's share in total Yugoslav commodity exports to the Arab countries was 7.5 percent, and in 1981 it is estimated that its share will be 9.8 percent. The forecast for 1982 sets this share at 12 percent. On the other hand, Algeria's share of total Yugoslav imports from the Arab countries was 7.4 percent in 1980, the forecast for 1981 envisages a share of 21.8 percent, and the plan for 1982 projects a share of 14.3 percent.

Visible trade occupies a special place, and in the first 9 months of 1981 amounted to \$291.6 million, in which Yugoslav imports amounted to \$199.3 million and its exports \$92.3 million. The distribution of imports over the first 9 months consisted of crude petroleum (\$197.9 million), iron ore (\$550,000) and zinc (\$600,000), while the distribution of exports consisted of automobiles, tractors and spare parts (with an overwhelming figure of \$49.82 million), clothing, fabrics and blankets (\$7.58 million), and then food and tobacco, products of the chemical industry, products of the metals industry, and so on.

The plan for 1982 calls for total visible trade with Algeria to reach \$400 million, \$160 million of which would be exports and \$230 million of imports.

Contracts related to capital investment projects in Algeria are the most important after those on the markets of Iraq and Libya, and the value of contracts concluded or in the phase of negotiations is more than \$677 million. In the meeting of the section several important questions were raised about obstacles to realization of potential cooperation through these contracts, and the Yugoslav section of the joint committee for cooperation with Algeria will be subsequently informed of them. According to Vuk Dragasevic, chairman of the Yugoslav section of the joint committee, the discussion in the meeting of the section did not fully cover the problems weighing down on organizations of associated labor.

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## PLANS FOR CONSTRUCTION WORK ABROAD IN 1982

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 25 Nov 81 p 1

[Text] Opportunities for greater involvement of Yugoslav builders in projects on the foreign market ought to be greater next year than up to now. The builders are prepared for this; they have gained a considerable reputation, but to carry out this task they also need help from the broader community, especially in credit policy and incentive measures.

This is the principal conclusion of the members of three committees of the General Association of Construction and the Building Materials Industry concerning the program for doing work on capital investment projects abroad next year. So far 1,500 organizations have reported to this association that they have work abroad, and by the end of the year it is expected that the total will go as high as even about 2,000 construction crews. Realistic estimates indicate that the amount of work to be done next year could be \$2.37 billion, or 18.5 percent more than the value of work which our builders did this year on "foreign exchange" construction sites. Of course, the present number of about 25,000 employed persons working in 42 countries of Asia, Africa, the United States and Europe would increase by several thousand. Nearly two-thirds of this work would be done in the developing countries, and the builders would transfer 66 percent of the total value into the country, while they would spend 34 percent in the areas where they are working.

If these plans are to be carried out, the builders emphasized that the Law on Conduct of Operations Abroad, which is supposed to be adopted by the end of March next year, needs to be supplemented. Certain proposals which the builders have already sent concerning this document have not been honored, but they have an essential bearing on performance of jobs important to our country's payments-balance situation and to foreign trade. This especially applies to the unfavorable credit policy and the failure of the banks to accompany the builders, along with inadequate incentives. There still has been no acknowledgment, the builders say, that this form of export (of knowledge, equipment and technology) is a full-fledged contribution to the policy of economic stabilization, since it involves a broad group of our business people.

The program of work to be done abroad has been sent to the republics and provinces for mutual reconciliation, and it is expected that the action will be completed by mid-December. Along with adoption of important suggestions which



include even unified organizational linkage and efforts abroad on the principles of self-management and income-sharing, the builders say that their unused potential will also be activated to a fuller extent: more rapid, cheaper and better-quality construction on the foreign market to outdo the competition of other countries. The need for more effective enforcement of customs regulations was also pointed up, in addition to amendment of regulations for customs examination of machines being returned from abroad. That is, they are asking for equipment which has been more than 50 percent amortized to be exempted from duty and that the administrative procedure for obtaining consent, which consists of 36 different steps before work on the project begins and takes months, be simplified.

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## YUGOSLAV-ITALIAN TRADE ORGANIZATION REVIEWED

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 25 Nov 81 pp 1-2

[Article by Slobodan Tanovic: "Comprehensive Exchange of Opinion"]

[Excerpt] The anniversary meeting of the Jugital and Italjug chambers began with ceremonies in a meeting attended by more than 150 Yugoslav and Italian business executives.

The meeting was opened by Giancarlo Englara, president of Udine Province [where the meeting was held], and then Loris Fortuna, vice president of the Italian Parliament, who touched upon all aspects of cooperation between the two countries delivered a lengthy address to welcome the executives who had gathered. Vinko Mir, federal undersecretary for foreign trade, welcomes the business people who had gathered on behalf of the Federal Executive Council. The presidents of the two joint chambers, Ivo Gudeljevic and engineer Enrico Zucoli, recounted cooperation between the two chambers over the last 25 years. Certificates of recognition were then presented to distinguished individuals of the two countries who over the last quarter of a century had contributed to advancement of Yugoslav-Italian business cooperation. The working part of the meeting began in the afternoon and continued over the next 2 days.

### Enviably Results

The fact that the Yugoslav-Italian chamber brings together a large number of business people who follow in their regular meetings the development of overall economic cooperation and examines specific matters in particular sectors and groupings shows the great interest on the part of our economy to collaborate with partners from friendly Italy.

In spite of the more difficult conditions visible trade, which traditionally has been the principal and most important aspect of cooperation, has been recording enviable results, as can be seen from the following table:

<u>Year</u>	<u>Total Trade</u>	<u>Yugoslav</u>		<u>Net Result</u>	<u>Coverage of Imports by Exports, %</u>
		<u>Exports</u>	<u>Imports</u>		
1980	1,949.8	833.1	1,116.7	-283.6	74.6
1980/10	1,617.1	697.0	920.1	-223.1	75.7
1981/10	1,870.6	803.5	1,067.1	-263.6	75.3

Border trade on the basis of the Trieste and Gorica agreements have been taking place without major problems. Over the first 10 months of this year total trade under the Trieste Agreement reached a level of about 106.7 billion lire (a 78.1-percent increase over the same period of last year), about 52 billion lire of which represented exports and 54.8 billion lire imports.

Trade under the Gorica Agreement reached a level of 42 billion lire over the first 10 months, which represents a large increase over total trade over the same period of last year. Over the first 10 months exports under the Gorica Agreement amounted to about 20.6 billion lire, and imports reached a level of about 21.6 billion lire. The largest item in the distribution of exports under these agreements is livestock (cattle and horses), and then meat, lumber and metal products (which have a share of about 80 percent). The largest item in the distribution of imports is manufacturing materials, while consumer goods and equipment represent a relatively small volume.

#### Toward Higher Forms of Cooperation

Particular attention is being paid to higher forms of economic cooperation since only through long-term linkage of the interests of partners from the two countries are the conditions created for continuous cooperation.

In all 28 new contracts have been concluded over the last 3 years (1978-1980) concerning long-term industrial cooperation. In just the first 9 months of this year 15 contracts were concluded, 9 of which have already been registered and the other 6 are in the process of registration. A certain number of contracts from the previous period have expired.

In spite of the rather large number of contracts, the share of exports on the basis of long-term industrial cooperation in total Yugoslav exports is still relatively modest (10.4 percent in 1979 and 8.4 percent in 1980) and is showing a certain tendency to stay at the same level or to fall behind the growth trend of our exports. It is expected that the growth of exports on this basis will be larger when the contracts which have been concluded begin to be carried out.

The share of imports based on long-term industrial cooperation in total imports from Italy is also showing a slight tendency to decline (it was 6.8 percent in 1979, but 6.5 percent in 1980). This situation has largely been influenced by the general situation in the motor vehicle industry and machinebuilding, which accounts for the largest share of trade on the basis of this form of cooperation.

Though provision was made for trade based on long-term industrial cooperation to be in the relationship 1:1, this ratio is not being achieved under certain contracts. These problems are being overcome so as to achieve the appropriate reciprocity through the efforts of partners from both countries.

#### Conclusion of More Contracts

So far a total of 31 contracts have been concluded in the field of joint ventures with Italian partners. The total volume of funds invested by the Italian partners is relatively small. Two sizable contracts in the motor vehicle industry (between Fiat and the Crvena Zastava Plants) account for two-thirds of the total investments.

There are now 17 contracts in force in this field. Not a single new contract was concluded during 1980, but this year one contract in the textile industry is in the process of registration.

During 1980 14 contracts were concluded in the field of acquisition of material rights to technology, and in the first 9 months of this year 7 contracts were concluded (4 of which have been registered, while the other 3 are in the process of registration). Most of the contracts have been concluded in the metal manufacturing industry, construction, transportation, the food manufacturing industry, the chemical industry and the pharmaceutical industry.

Over the last 2 years the fewest contracts have been concluded between Italian and Yugoslav partners in the field of business and technical collaboration. Over the last year only one contract of this kind has been concluded.

In the period of 1978 and 1979 there was especially intensive cooperation between Italian firms and Yugoslav OUR's [organization of associated labor] in which the Italian firms did work on capital investment projects in Yugoslavia (14 contracts were concluded). Last year four contracts were concluded in which Italian firms were engaged to build large industrial projects in Yugoslavia. Over the first 9 months of this year there are three new contracts which are in the process of registration.

In 1979 Italian and Yugoslav partners concluded four contracts involving work on capital investment projects on third markets (Nigeria, Vietnam and Libya). In 1980 another two contracts were recorded, and over the first 9 months of this year nine contracts were concluded; five contracts have to do with setting up prefabricated housing for victims of earthquakes in southern Italy, and one pertains to construction of a hotel facility (Tarvisio, Italy). The other three contracts have to do with a joint effort on third markets (Libya and Czechoslovakia).

7045

CSO: 2800/110



## NEW ELECTRIC TRANSMISSION LINE TO ITALY

Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 19 Oct 81 p 12

[Text] On Thursday, 22 October, a small ceremony was held at Divaca, Yugoslavia, and Redipuglia, Italy. Attending were the general directors of the Italian electric power system ENEL and its Yugoslav counterpart, JUGEL, as the long-distance transmission system Divaca-Redipuglia was placed into operation. It has a total length of 50 kilometers, of which 40 kilometers are in Yugoslavia and 10 kilometers in Italy. This is the first 400-kilovolt link between the two countries and, also, the first such Yugoslav connection with the Western European UCPTE system. The transmitting power of the long-distance system is 2,000 megawatts, which, considering the mutual assistance and exchange of electrical energy between the two countries, greatly improves the dependability of operations. For the sake of comparison, it should be noted that the total installed capacity of the Yugoslav electrical energy system is about 14,000 MW.

The Italian system is connected to the Yugoslav at the Divaca junction station, from which there are 400-kilovolt connections to Bericevo near Ljubljana, and to Meline near Rijeka. Recently, the southern main line of the basic 400-kilovolt system in Yugoslavia was connected, including Kosovo, Titograd, Mostar, Split, Rijeka, and Divaca (other than the connecting stations at Pristina and Titograd). This permits the long-distance transmission system to stretch throughout the country, contributing significantly to the dependability of operations of the electrical energy system.

The connection with Italy and the southern main line of the power grid has been completed at a time of tension in the Yugoslav energy situation. Since an agreement has been reached with the Italians to borrow a certain amount of electric power during the winter that can be returned in the spring, these new connections will help to ease this winter's power shortages.

12131

CSO: 2800/76

## STATUS OF TREPCA MINING, METALLURGICAL COMPLEX ARGUED

### Manager Mikulovci Speaks Out

Belgrade NEDELJNE INFORMATIVNE NOVINE in Serbo-Croatian No 1608, 23 Oct 81  
pp 16-17

[Article by Svetislav Spasojevic based on interview of Nazmi Mikulovci, chairman of the Business Board of the Trepca Mining, Metallurgical and Chemical Complex in Kosovska Mitrovica: "A Boundary Underneath the Ground"]

[Text] We went to Kosovska Mitrovica to talk with Nazmi Mikulovci, chairman of the Trepca Business Board, so as to establish irrefutably how much truth there is if any in the slogan which was heard here at the time of the unwelcome events: "Belgrade is being built on Trepca's effort." The curiosity was not misplaced, and there are no reasons why this slogan should not be spoken about publicly and without shilly-shallying. It should, that is, be contested or confirmed, if that is possible.

"Certainly you would like me to answer for you the question of whether Trepca withdraws into itself and confines itself to the borders of the province. For Trepca even the entire space of Yugoslavia is too small, so there is no need for us to speak about the area of the province. And yet it is closed off. This assessment of mine means nothing unless at the same time we answer the question of whether this is an exclusiveness resulting from a policy to that effect or a policy of confinement has been imposed. Yes, Trepca is exploited, but this is not done because of its geographic position."

We obtained the answer, then, without even putting the question. The topic on which we talked is not one with which Mikulovci is unfamiliar. It might even be said that it has become a part of him. It is obvious that he has repeated the tale about Trepca's confinement countless times, but, if the truth be told, it has not become devoid of his own emotions.

### A Voice Against Boundaries

"We have been compelled to seek ore wherever there is any regardless of provincial or republic boundaries," Mikulovci continued. "However, it is easier to obtain a license to explore in Turkey, Iraq or China than in some of our republics. Often we speak about confinement, that is, about the parcelization of the

Yugoslav market. That division begins with the failure to obtain the prospecting rights. Is it a normal thing for Trepca, which is mining ore on the border between the province and SR [Socialist Republic] Serbia proper, to be refused a permit to move onto the territory of Serbia proper beneath the ground when it is so compelled in exploring for the ore? After all, we, too, are located on the territory of SR Serbia, and the competent authorities ought to behave accordingly toward Trepca."

To make this assertion as authentic as possible, he cited as an example a detail from this year's "Report on Exploration and Exploitation of Lead and Nickel Ore in Serbia Proper," which was prepared by the Serbian Republic Secretariat for the Economy, the Economic Chamber of Serbia, and the Serbian Republic SIZ [Self-Managing Community of Interest] for Geological Explorations: "Since it is a question here of granting permission for exploration for lead and zinc in Serbia proper to a work organization registered in another republic, that is, SAP [Socialist Autonomous Province] Kosovo...."

#### New Factories

"I ask you, is Trepca a work organization which is located on the territory of another republic? The manifest involvement of forces from outside associated labor inevitably leads us toward discord," director Mikulovci states categorically. "Confinement has prevented us from developing normally. If we are to survive, we must prospect ore deposits somewhere. If we cannot do that in SR Serbia, in which we ourselves are located, as we are in Yugoslavia as well, then we are forced to do this abroad. It is obvious that Trepca has not closed itself off, but that it has been pushed back into Kosovo."

The activities of mining and metallurgy go back about 50 years here, but processing and manufacturing only some 10 years.

"Lead and zinc production is in an extremely difficult situation," Mikulovci emphasizes. "We are operating at a loss in this part of our production operation. Until some 10 years ago we produced only metal in ingots. We were meeting domestic needs and exporting. It is understandable that we should try not to export metal in ingots, but rather products made from the metal. There are things which are simply inexplicable and to which I cannot reconcile myself. One of them is the attitude taken by the Yugoslav government administration toward lead and zinc producers, that is, toward a labor force of 20,000 in Trepca. So long as I hold this position, that is the only view I can take. Some imaginary world exchange has jurisdiction over the pricing of our products. When the price on that exchange is low, then we honor it. Should it happen to be high, then any number of reasons are found against our raising the price of domestic lead, or at the least the application for the new price, though justified, is delayed indefinitely. Yet on the other hand our borders are closed, for example, to the import of color television sets, and the free setting of prices is allowed! The upshot is that production of color television sets is more important to Yugoslavia than the production of lead and zinc. It is in fact a question of different treatment of the people employed in these two production sectors. I would like to meet someone who would reconcile himself to that fact."

Then he returned once again to his assertion that Trepca is exploited, but he especially emphasized that this is not related to its geographic position. Trepca is not located only within the borders of the province, but is also located in SAP Vojvodina and SR Montenegro. "Finally, Bor, Zenica and quite a few other producers of raw materials are in the same position, but I have no right to speak about them, nor do I wish to do so. I know what is happening to Trepca. We have thought for a long time how we might oppose the government, that is, counteract the government policy toward producers of raw materials. The only right way is to build manufacturing plants. The first and greatest obligation of the 20,000 workers employed at Trepca is to build manufacturing plants in the most underdeveloped parts of SAP Kosovo."

In just the last year Trepca has opened up some 10 manufacturing plants all over the province. These are factories in Pec, Cnjilane, Djakovica, Vucitrn, Decani, Kosovska Mitrovica.... We asked Mikulovci where Trepca obtains so much money to build factories?

#### Parting of the Ways Without Obligations

"Some of the money was our own, but foreign credits make up the major portion. Today we are paying off those credits not only with money, but also with ore. When I speak of obligations, I must tell the story about how two organizations withdrew from our collective. It is a question of the mines Blagodet and Lece, which are in the southern part of SR Serbia. I do not want to repeat nor even to recall what happened before and during the withdrawal of those mines from Trepca. All of that should be forgotten as soon as possible. It is the consequences of that withdrawal I am referring to. We opened those mines, and in order to do so, we contracted indebtedness abroad. The obligations have come due, but Blagodet and Lece are not discharging their obligations. It is we who are doing it, since the creditors do not care whether those two mines have money or not. One cannot withdraw from a community and fail to accept certain obligations. We are discharging the obligations of someone else, yet we are not in a position to pay personal incomes to our labor force. Payday is supposed to be between the 5th and 10th of the month at the latest. In September we were paid only on the 25th, and this month, though we have already gone into the second half, most members of the labor force have not yet received their pay."

On the street in Zvecan and Stari Trg, watching the workers leaving the second shift and going to work on the third, one could see that Trepca is in a fairly difficult situation. Finally, one can also notice this on the basis of the stores in Kosovska Mitrovica itself. Though there are enough goods--even coffee, detergent and gasoline--and though the prices are cheaper than in other parts of the country, the stores are almost empty.

"We no longer have a rich deposit," Nazmi Mikulovci continues. "The ore is poorer and poorer. In addition, we have an old technology, and the working conditions are all but hopeless. To all this we must add the fact that the credits are smothering us. It is a fortunate circumstance that a few years ago we knew that this year, 1981, would be the most difficult. All that we are achieving in production is far below what we are capable of, not to even mention needs."



These, then, are the critical years. I think that 1983 will be the watershed year. Up to that point our manufacturing industry will be suffering from all the childhood diseases. It was well conceived and set up, and I am certain that it will soon return everything we invested in it and for the sake of which we find ourselves today in a very uncomfortable position."

#### Abuse of a Slogan

Mikulovci then complained of "certain comrades who tell us that our output is low." He mentioned that that has been the case with output for years and that it has nothing to do with Irredenta and counterrevolution in Kosovo. He is categorical when he says: "... Finally, the workers of Trepca did not participate in the demonstrations...."

"We developed very rapidly and spent quite a bit of money on that development. We do not dispute the fact that the return of this money is going slowly. One should always be mindful of the fact that everything Trepca has built it has erected from scratch," Trepca's chief official said for NIN at the end of a 3-hour interview. "There is a huge difference when something is built, say, by Iskra. Aside from that, we are still in the stage of teaching people to do the job for which they are receiving personal incomes."

We hope we have answered the question put at the outset of this article: How much truth, if any, is in the slogan "Belgrade is being built on Trepca's effort"? There is no doubt that Trepca is making an effort, but its operation is not as good as it might be and should be. Belgrade is being built, but not as fast as it should. It is also true that quite a bit is being taken away from Trepca--just as is being done to Zenica, Bor.... If Trepca's name is not alone on the list of mines and smelteries which have been taken away from and are still being taken away from, then Belgrade is certainly not the only city which has been and is on the receiving end.

The essential part of the answer concerning the accuracy of the slogan is that which indicates that it has been abused and concerns the intentions of those who have already been convicted to use it in rallying people who are naive and sometimes innocent as well. This is the part which does not belong to that tale about a segment of Yugoslav reality which no one wants or intends to hide from the public.

#### Later Discussion

Belgrade NEDELJNE INFORMATIVNE NOVINE in Serbo-Croatian No 1612, 22 Nov 81 p 19

[Article by Svetislav Spasojevic based on a meeting of the Economic Chamber of Serbia in which the charges of Nazmi Mikulovci were answered]

[Text] Even at the time of our interview with Nazmi Mikulovci, chairman of the Trepca Business Board, and a few days later, when we prepared the article for NIN (published in No 1608, 25 October 1981) we were certain that most of his assertions would evoke a reaction. A meeting which was held thereafter in the

Economic Chamber of Serbia concerning that article has among other things done much to confirm that assumption.

At that meeting of the chamber chairman Mikulovci was not so fervent in defending the views and assertions uttered to a NIN reporter some 10 days previously. One gained the impression that he was prepared to use the old tried and true method of putting the blame on the newsman.

To make the whole incident as clear as possible, we will first have to quote several of the most essential judgments and views of the chairman of the Trepca Business Board published in NIN's last October issue:

"Certainly you would like me to answer for you the question of whether Trepca withdraws into itself and confines itself to the borders of the province. For Trepca even the entire space of Yugoslavia is too small, so there is no need for us to speak about the area of the province. And yet it is closed off. This assessment of mine means nothing unless at the same time we answer the question of whether this is an exclusiveness resulting from a policy to that effect or a policy of confinement has been imposed. Yes, Trepca is exploited, but this is not done because of its geographic position...."

Then in the course of the conversation Mikulovci told us that Trepca was simply compelled to seek ore wherever it existed, regardless of whether provincial and republic boundaries cut across the deposit.

"However, it is easier to obtain a license to explore in Turkey, Iraq or China than in some of our republics.... Is it a normal thing for Trepca, which is mining ore on the border between the province and SR Serbia proper, to be refused a permit to move onto the territory of Serbia proper beneath the ground when it is so compelled in exploring for the ore? After all, we, too, are located on the territory of SR Serbia, and the competent authorities ought to behave accordingly toward Trepca...."

"... I ask you, is Trepca a work organization which is located on the territory of another republic? The manifest involvement of forces from outside associated labor inevitably leads us toward discord.... If we are to survive, we must prospect ore deposits somewhere. If we cannot do that in SR Serbia, in which we ourselves are located, as we are in Yugoslavia as well, then we are forced to do this abroad. It is obvious that Trepca has not closed itself off, but that it has been pushed back into Kosovo...."

And another quote from the same article. "Then he returned once again to his assertion that Trepca is exploited, but he especially emphasized that this is not related to its geographic position.... 'Finally, Bor, Zenica and quite a few other producers of raw materials are in the same position, but I have no right to speak about them, nor do I wish to do so. I know what is happening to Trepca. We have thought for a long time how we might oppose the government, that is, counteract the government policy toward producers of raw materials....'"

It would not take a wise man to understand that at least some of the countless assertions of chairman Mikulovci spread out over almost two pages of NIN would

arouse certain people to respond to them and thus attempt to contest them. That is what happened in this meeting in the Economic Chamber of Serbia which brought together representatives of OUR's [organization of associated labor] which are producers and users of lead and zinc from throughout the republic, representatives of the republic secretariat for the economy, representatives of the chamber....

"Up until 10 years ago or so we had a uniform law on mining, and that also applied to exploration," said Krsta Jovanovic, republic secretary for the economy and member of the Executive Council of the Assembly of SR Serbia. "Under the constitution, however, it became possible for each of the provinces to draft its specific laws differently. Our initiative for joint adoption of a law was thus simply rejected. It is our view even today--I am referring to the republic secretariat for the economy--that we should explore and use mineral resources jointly and not separately. In the end those are the joint resources of this republic and of the entire country."

Chairman Mikulovci did not answer the remarks of secretary Jovanovic, but often interrupted him: "Representatives of the governments of SAP Kosovo and SR Serbia ought to talk about all those things you are speaking of. After all, Trepca is in the republic at large, and not just in Kosovo."

The statement made by Milomir Bogdanovic, director of the Leposavic Mine, brought quite a bit of reason into the entire incident. This, incidentally, is a mine which extends over the border between the province and Serbia proper. What Bogdanovic said was that back in 1937 the English opened up a mine at Ko-paonik, but they did not set up boundaries, and there is no reason for us today to do that either. In his judgment, and he is the head of that mine, it is impermissible for a mine to be divided into two basic organizations, even though it is divided by a boundary between a republic and province.

In the end this director was to be surprised when he heard that Momcilo Amasano-vic, president of Novi Pazar Opstina, in which a portion of the Leposavic Mine is located, had been coming to Belgrade and had called upon certain competent agencies for the major portion of the lead being mined at the Leposavic Mine to be left to Novi Pazar for use in its storage battery factory. The opstina president had nothing against Trepca taking the remainder and of giving or selling it to whoever needed it.

The result of this meeting is the knowledge that there is no desire to build a new smeltery in Serbia proper. Finally, as was stated clear and loud at the meeting, SR Serbia has its own smeltery, which is located at Zvecan, which is near Kosovska Mitrovica. Which is why there was discussion of how it should best be equipped and modernized.

The principal message of this meeting lies in the fact that most of the participants are interested in a community effort, that is, in what is referred to as association based on the sharing of income. In this regard, it must be said, the chairman of the Trepca Business Board was somewhat more restrained.

7045

CSO: 2800/117

## YUGOSLAVIA

### BRIEFS

OIL DERIVATIVE SHORTAGE--Up to now 50 percent of the oil for the Yugoslav oil industry and consumers needed to be imported in November has been imported. Republics and provinces which were supposed to pay for imports with exports have already exhausted their balance of payments positions and this is the basic obstacle to planned oil purchases. As matters now stand, the situation in December will be even worse. There are no more reserves. Many factories are no longer operating. It is said in the General Association of the Oil Industry that "Naftagas" has stopped producing lubricating oil so that there will be more mazut. For some time already all republics and provinces have introduced electric power conservation measures and it is reliably known that the oil industry will not be able to produce nearly as much heating oil as was planned for this winter. [Excerpt] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 26 Nov 81 p 1]

CORN EXPORTS--Of the 300,000 tons of corn planned for export from Vojvodina, the sale of 110,000 tons to Romania and Bulgaria has been contracted for up to now. In addition, negotiations are underway to sell 50,000 tons to Switzerland and other countries. Also, despite the fact that exports are to the East European markets, payment will be made in convertible currency, because this has been agreed upon in the contract. Up to now only 6,500 tons have been shipped to buyers abroad from the province of Vojvodina. [Text] [Belgrade BORBA in Serbo-Croatian 21 Nov 81 p 14]

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